

Department of State

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# *The Department of State* bulletin

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## THE INSTITUTE OF INTER-AMERICAN AFFAIRS

### Cooperative Education Programs

by Louis J. Halle, Jr.

Democracy is a system of government that places the ultimate responsibility for civilization and survival on the shoulders of the people. Its effectiveness depends on the preponderance of morally and intellectually responsible individuals in the populations that enjoy it. Education, in turn, is what produces responsible individuals. Education cannot solve today's problems, but today's education will determine the great issues of civilization or barbarism, plenty or hunger, war or peace for the generations of tomorrow. Those who are preoccupied with the problems of the moment will attach no importance to it, but those who take a view that embraces the future must invest it with supreme importance.

The character of the education that any country which has passed the stage of cultural tutelage affords to its new generations necessarily involves national traditions and objectives in so intimate a fashion that it is not a proper subject for active determination by governments, groups, or individuals outside that country. The technical means for attaining the objectives of education may be, however, a fit and fruitful subject for international exchange; and if we extend the word education to embrace training in technical skills, we have another large area in which such cooperation may be carried on for the mutual benefit of the nations in a community.

The components of the present Institute of Inter-American Affairs, established as a federal corpora-

tion in 1947, are the two former government corporations that respectively bore the names, Institute of Inter-American Affairs and Inter-American Educational Foundation. Although separately incorporated, they had virtually identical boards of directors, the same president, overlapping staffs, and use of the same administrative facilities. The transformation of the Educational Foundation into the Education Division of the Institute was not, therefore, a major change except in appearance. For convenience, it will be referred to throughout this article by its married name.

The Education Division was established in September 1943 to carry out programs of cooperation with other American republics in the field of pre-university education. Within that field, it was to be especially concerned with rural and agricultural education, education in matters of health, and vocational education. This emphasis is to be viewed in the light of a relationship among the respective undertakings of the Institute's three divisions: the Divisions of Food Production and of Health and Sanitation, in addition to that of Education. Nutrition is a factor in health; the health of farmers is a factor in food production; education and specialized training contributes to health and to the applied science of agriculture. Together, the respective programs of the three divisions supplement one another in giving essential support to the broad economic and social development of peoples. The education programs in



which the Institute participates are, therefore, part of a larger complex.

The Education Division has cooperated in programs with the Ministries of Education in 13 of the other American republics. Seven of these programs are continuing today: in Bolivia, Brazil, Ecuador, Guatemala, Panama, Paraguay, and Peru, respectively. They vary in their scope as well as in their scale. Thus the Paraguayan program is confined to the establishment of a small vocational school in Asunción for the training of badly needed mechanics, plumbers, carpenters, refrigeration and radio engineers, electricians, blacksmiths, weavers, and leather workers. Those in Bolivia, Peru, and Ecuador have the objective of applying specialized educational techniques to the Indian populations over a large part of the Andean highlands. What is being done in Bolivia will serve here as an example of a major program.

## II

The entire approach to the education problems of the Bolivian Indians has been based on the principle that the established systems and techniques of education among urban white populations are not necessarily suited to the simple culture and environment of rural Indians. The terms of the Bolivian Indian's environment do not require him to have a good background of European history or an ability to recite passages from Cicero, but they do make it advisable for him to know the arithmetic of the market place, the significance of household sanitary precautions, and vegetable gardening.

The mass of Bolivian Indians live in a spectacular but not a fruitful environment. Most of them inhabit a great intermontane plain (the *altiplano*) bounded by the snow-capped peaks of the eastern Andes, on one side, and of the coastal range on the other. The inhabitants of Tibet might feel at home here, although a general altitude of 13,000 feet would be more than they were used to. This plateau is hard and stony in large parts, so that the casual visitor sometimes wonders how it is possible to grow anything on it besides the coarse native grasses on which herds of llamas and sheep subsist. Potatoes, however, were grown here before Columbus and are staple today. The Indians along the shore of that vast and lofty lake, Titicaca, also cast their nets for fish

from the balsa craft that they have used since pre-Columbian and even pre-Incan times.

These Indians were conquered by the Inca of Peru about the time Columbus was a boy, and their highlands were incorporated into the Inca empire. A couple of generations later, the white men arrived from Europe and began to take over. There has been more cultural continuity among them, however, than one might expect after four centuries of white rule. They still speak Aymara (or Quechua) as their native tongue and have preserved much of their specific cultural identity. Today they constitute, perhaps, some 80 percent of the population of Bolivia and are the almost universal element of the population outside the few cities.

You have to picture these Indians living in little compounds of adobe huts and stone corrals or in occasional villages scattered up and down the long *altiplano* or tucked away in folds of the surrounding mountains. Not the least conspicuous among the buildings in any community is the schoolhouse. When the cooperative program in Bolivia was undertaken in 1945, a potentially effective system for the administration of these rural schools had already been developed by the Bolivians. They had, in some areas, been grouped in *nucleos* consisting of several satellite schools depending on a central or "nuclear" school. The satellite schools were supervised and, in fact, administered by the nuclear school. This system provided a good foundation for the cooperative program and was developed forthwith. There were thirty-odd *nucleos* in 1945 of from 15 to 20 schools apiece, 41 at the end of 1946, 51 by the early months of 1948. The reforms introduced under the program were disseminated through the directors and teachers in the nuclear schools, who took responsibility for communicating them to the other schools of the system.

At the same time, a small number of strategically placed rural normal schools were chosen as training centers for teachers, directors of nuclear schools, and supervisors. These were given improved physical plants, strong administrations, and practice-demonstration schools for the use of their students. A series of summer schools, special courses, seminars, and "workshops" was carried on for the training of teachers and school supervisors and for the stimulation, exchange, and development of ideas among them. Finally, nine Bolivian



educators were brought to the United States for varying periods of intensive training, observation, or consultation. So much for the organization on which the program is based.

The actual contents of the education for school children that has been developed under the program bear on the practical conduct of life within the possibilities open to the Indian farmers of Bolivia. Emphasis is given to nutrition, health, use of clothing, personal and community hygiene; to the conservation of soils, the improvement of livestock, the development of home industries, the diversification of crops, and the institution of better agriculture methods.

It has been customary, in the past, for the school children of the *altiplano* to arrive at school hungry after walking long distances, to sit through the school day without food, and to make the long walk home again on stomachs still empty. Under the program, the Bolivian Ministry of Education and the Institute have been providing for the preparation, in the schools, of breakfasts and, in some cases, of lunches. Alleviation of hunger pangs is only one purpose. The educational purpose lies in the occasion this gives to educate the children in the preparation of well-balanced meals, in the principles of nutrition, and in methods of storage and preservation. They learn by doing.

They also learn hygiene by doing. Through the cooperative efforts of the children and the adults of their families, latrines are built, not only on the school grounds but on individual farms as well. Other projects of this sort include whitewashing the interiors of dwellings and painting them with a solution containing DDT, exclusion of farm animals from the interiors of homes, drainage, the protection of water supplies, and so on.

The three R's are also taught but with specific reference to the environment in which they find their use. The primers and readers by which the child learns to read contain accounts of the scenery of the *altiplano*, of his own home life, of farms and markets and schools that he recognizes. His arithmetic is based on the measurements of his parental farm, on the census of its animals, and on the weights and prices that govern transactions in the local markets. The slyness of his mentors is manifested by insinuating into these texts little lessons about the principles of agriculture and good health.

Now all this is not something that has been imposed on the rural teachers of Bolivia by the Bolivian and United States experts responsible for the conduct of the program. In great degree, the teachers have themselves worked out the new curriculum and put it into practice. The experts have provided much of the organization and the stimulus and have served as catalytic agents in bringing about the combination of ideas. They have also, of course, made suggestions of their own. One of the products of the "workshops" in which the teachers and directors have participated is a *Guía Didáctica*, or teacher's manual, embodying the ideas developed in common. This *Guía* has been printed and placed in use officially, but it is by no means final. The intention is that it shall undergo frequent revision in the light of experience gained from its use.

For the most part the teachers must work with few and simple materials of instruction, locally devised and locally produced. This is not to say that some sophisticated modern methods of instruction are not also in use under the program—slides, motion pictures, recordings. Although their use is generally confined to the instruction of teachers in normal schools and "workshops" they are often brought to individual schools by means of sound-trucks.

Ostensibly, the sole objective of the education program in Bolivia is the education of children in the rural Indian communities. Actually, its objective embraces each community as a whole. It reaches out to the adults through the children. The rural school, for this purpose, is conceived to be the center of the community, and is developed as such. The mechanics of dissemination take the form of rural school clubs (*clubs escolares campesinos*), similar to our 4-H Clubs, and parent-teacher associations. By these means, and others, the adults are drawn into the beneficent processes of learning and are given some chance to keep abreast of their children in matters of hygiene, agriculture, and other aspects of a healthy community life.

### III

Neither the Andes nor the Indians stop at the borders of Bolivia. They continue into Peru and into Ecuador, in both of which countries the Education Division of the Institute is cooperating with

the respective Ministries of Education in programs similar to that in Bolivia. Common problems argue common solutions and a common search for solutions. The result is that inter-American cooperation has developed some ramifications here beyond the bilateral. Some years ago the present President of Peru, then Minister to Bolivia, suggested that the two countries develop a common plan for the education of their *altiplano* populations. The suggestion was not translated into immediate action. Most of us have learned that the scope and stress of daily governmental affairs is such that suggestions and proposals, like the seeds of plants, must often lie dormant for some time before they begin to put forth. After the cooperative education programs were inaugurated in Peru and Bolivia, and in connection with them, the President's suggestion demonstrated its viability in the form of a meeting between the Ministers of Education of the two republics. These two Ministers proceeded to call the Ministers of Health and of Agriculture, Peruvian and Bolivian, into consultation with them, and the upshot was Bolivian-Peruvian cooperation in the respective programs of education. Later, Ecuador joined in.

Educators and administrators of these three South American republics have since participated together in "workshops" and similar enterprises. They have established the practice of exchanging information on school laws, curricula, teaching materials, and teacher's manuals. The result has been to enhance the effectiveness of the measures taken in each country by the contributions of the others. This is a worthwhile and admirable example of how nations can live together constructively. It is, albeit on a very small scale, the kind of thing on which peace, understanding, and prosperity depend.

The Education Division has also cooperated in programs of rural education, varying in scale and emphasis from country to country, in Brazil, Costa Rica, El Salvador, Guatemala, Haiti, and Honduras. In some of these, activities have been confined to the training of teachers in normal schools; in others the programs have been specialized and vocational. Both the Panamanian and Paraguayan programs have been exclusively vocational. The program in Brazil has been two fold:

<sup>1</sup> BULLETIN of May 23, 1948, p. 659; June 13, p. 758; June 27, p. 819.

vocational agriculture carried on in cooperation with the Ministry of Agriculture and trade and industrial education in cooperation with the Ministry of Education. The Chilean program has operated within the broad field of secondary education. The program in the Dominican Republic was directed at vocational education, physical education, and the teaching of English.

#### IV

This concludes the last in a series of four articles on the Institute of Inter-American Affairs and its activities as expressions of United States foreign policy.<sup>1</sup> The first established the general setting and significance; the others have given a summary view of what is actually being done by the special cooperative devices in the development of agriculture, in the promotion of health and sanitation, and in education.

Returning now, for a final moment, to the mood and matter of the first article, I draw attention to one essential feature of all this work that has not yet proved and justified itself. These programs are essentially long-range. Inaugurating them is like planting so many fruit trees. It implies optimism with respect to one's ability to continue their cultivation over the years until they come to full fruition. The simile is, of course, exaggerated with respect to certain aspects of these programs. The mere fact of constructive cooperation among nations yields immediate results in closer international understanding and friendship. It represents in itself a reduction of international barriers. But the solid aim of an agriculture program, after all, is permanently to develop and strengthen the agriculture of a nation. Actual fruit trees may be involved. There are processes of growth that must have their time. Sanitation is more quickly accomplished, in most cases, but it cannot be permanent unless, concurrently, there is an implantation of certain ideas and attitudes among the populations to be protected, who must at least know how to protect themselves. Education, especially, puts the future under tribute to the present.

This raises the question whether modern governments, with the changing stresses and vicissitudes to which they are subject, can maintain their course in such matters over a sufficient period of years. The success of what has already been done can best be judged by the generation that follows our own.



## FOREIGN AID AND RECONSTRUCTION

### The European Recovery Program Agreements—A New International Era

BY ERNEST A. GROSS<sup>1</sup>

Legal Adviser

It is fitting that an association of lawyers which sponsored the European Recovery Program prior to its adoption by the Congress should be the first to hold public discussion of a vital phase of the program now about to get under way. Certainly, the expenditure of billions and the provision of a vast tonnage of supplies moving across the seas is thought of, by many of our citizens, as the whole of the "Marshall Plan". A giant market, with some goods marked "free" and others "loan", although frightening by its size, makes a ready mental image. But the ERP is a recovery program, not a grocery business. And the spending of billions, and the moving of supplies through unending pipe lines of warehouses and ships is not unprecedented; it has happened on an unimaginable scale twice in our own lifetime, but the objective each time was victory in war, not recovery in peace.

The vital phase of the program now about to get under way, to which I have referred, is the system of bilateral agreements which next week will introduce a new era in our relations with Europe. These agreements, unique in the history of dealings between modern states, can be the machine for genuine economic cooperation and recovery, or they can be the instruments of deep international rancor and friction. It is for this reason that the problems these agreements will create should be discussed candidly now, and that they should be discussed by lawyers, trained to the legal tradition of interpreting agreements in the light of their objectives and applying the rule of reason and the common-sense test of good faith.

The agreement between the United States and each participating European country crystallizes the basic purpose of the program: we shall help European nations to help themselves to recovery in such a way as to become independent of outside assistance. Lest there be any misunderstanding of the sincerity of our professed objective in this regard, each agreement explicitly sets this forth at the very outset. In solemn covenant between ourselves and each sovereign European participant, we thus refute the charge frequently made by opponents of the program, and keynoted by the declaration adopted at the first meeting

of the Cominform that the Marshall Plan is but the European subsection of a general United States plan for global expansion.

The agreements crystallize the conditions of our assistance as well as the purposes of the program. The legislation itself provides that the continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among the participating countries. But "cooperation" is a rubbery yardstick, as the usages of police states make clear. Hence, the democratic governments, genuinely desirous of finding effective measures of self-help and mutual aid in order to achieve recovery, met together and exchanged pledges among each other, which were embodied in the historic report of the Committee of European Economic Co-operation, September 1947.<sup>2</sup>

However, the United States was neither a member of the European Committee nor a party to its reciprocal pledges. That Committee, and its successor, the Organisation for European Economic Co-operation, has been and will remain an organization of *European* countries dedicated to "close and lasting cooperation" as well as to the immediate task of developing and carrying out a joint recovery program. I underscore, as well as quote, the phrase "close and lasting cooperation", from the charter of the organization.

It will be apparent that although the Organisation for European Economic Co-operation could be born and even, perhaps, survive as an organ of lasting European cooperation without temporary United States economic assistance, it could not possibly serve its essential immediate purpose of accomplishing a *recovery* program without the ingredients for European recovery. The dollar transfusion is no mere act of charity: it is a gift of life itself. More than that, as the Senate Committee on Foreign Relations said in its Report, "free institutions and genuine independence cannot perish in Europe and be secure in the rest of the world".

<sup>1</sup> Address delivered before the New York State Bar Association, Lake Placid, N.Y., July 2, 1948, and released to the press on the same date.

<sup>2</sup> Department of State publications 2980 and 2982.



But the American people—all of us—are tired of generalities, skeptical of slogans, and above all, fed up with rat-hole relief. The Executive branch of the Government in submitting the program and the Legislative branch in approving it, insisted, in the words of the House Committee on Foreign Affairs that “primary emphasis” must be placed “on encouraging the participating nations to help themselves and each other”, and that “the success of the program rests upon the willingness and good faith of these countries in carrying out their pledges” to that end.

I am sure that the people of this country are convinced, as this association must have been convinced in endorsing the program, that “the program is necessary to prevent the United States from being confronted with a world so unbalanced and hostile as to present almost insuperable burdens to the people of the United States in the future, if Europe is not once more rendered free and adequately strong, both in its political and economic life”. (I have again quoted the language of the House Foreign Affairs Committee.)

This is the purpose and the setting against which we are discussing the bilateral agreements which I have said introduce a new era in our relations with participating countries of Europe. These agreements respect the dignity of the participating countries as well as of the United States and give assurance that our assistance will be used to the best possible advantage. However, like all compacts or basic charters they must be appraised, interpreted, and applied in the light of the vast purposes which they are intended to achieve. The undertakings of the participating nations burrow deep into the internal economy of each country, intimately affecting the daily lives of the 250 million inhabitants of western Europe.

Never before in history, so far as I am aware, has any nation undertaken by solemn international agreement to use its best endeavors “to adopt or maintain the measures necessary to ensure efficient and practical use of all the resources available to it”; “to promote the development of industrial and agricultural production on a sound economic basis”; and “to stabilize its currency, establish or maintain a valid rate of exchange, balance its governmental budget as soon as practicable, create or maintain internal financial stability”.

Undertakings of this magnitude surely require a mature and reasoned appraisal, comparable in many respects to the judicial approach toward the application of constitutional doctrines of due process, interstate commerce, or freedom of contract. Our responsibility for realistic and wise interpretation is as solemn as is the duty of each signatory to discharge its undertakings with unchallengeable good faith. And that responsibility on our part, which is an inevitable corollary of our position of

leadership, is in some measure in the custody of the bar of this country.

I have said that these agreements can be instruments of genuine cooperation on a scale never before attempted or that they can bring about serious international misunderstandings and friction. The latter will be a danger only to the extent we Americans fail to understand that, as is true of all basic charters, these agreements are essentially between peoples, not governments. And we bear a responsibility for wise interpretation and application of the agreements not merely because they embody the general, basic undertakings to which I have already referred.

In addition, the participating countries make commitments of a more specific nature which I shall illustrate briefly, for the purpose of underlining the necessity of appreciating fully that these agreements do in fact represent a new pattern in our international relations.

Each country undertakes, with respect to assistance provided on a grant basis, to deposit in a special account the local currency equivalent of the value of our assistance. Thereafter, that country may make expenditures from the account only in agreement with the United States.

In general, such expenditures are to take into account the need for promoting internal monetary and financial stabilization in the participating country, the stimulation of productive activity and international trade, and the development of new resources required not only by the participating country but also by ourselves. The agreements also provide that the fund may be used for the effective retirement of the national debt of each participating country. Inasmuch as the Congress has authorized the expenditure of five billion dollars during the first twelve months, of which over half probably will be made available on a grant basis, the impact upon the internal economy of many of the participating countries through the administration of these funds becomes clear. The United States will have a voice in the expenditure by participating countries of amounts of local currency which in certain instances may well exceed the total value of the currency in circulation in the country concerned.

I have referred to the fact that the local currency deposits may be expended for the exploration and development of materials required by this country. There are additional provisions in the agreements which require participating countries to facilitate the sale, exchange, or other method of transfer to the United States for stockpiling or other purposes of materials available in such country and required by the United States. The quantities to be available for transfer are to be agreed to between the two governments with due regard for the reasonable requirements of the participating country for its domestic use and com-

mercial export of such materials. The agreements also contemplate future subsidiary agreements according suitable protection to the right of access of any citizen of the United States, including any corporation or other association created under the laws of the United States, to the development of raw materials within participating countries on terms of treatment equivalent to those afforded to the nationals of the participating country concerned. This provision extends an "open door" policy in a strictly modern sense, and will be applied in a manner which will neither injure the economy of the participating country concerned,

nor hamper the accomplishment of the broad objectives of the European Recovery Program.

These illustrative examples, drawn from the agreements, will suffice to show to the members of the association the gravity of the general obligations which have been freely undertaken by sovereign states. You are, I believe, the first group to discuss this matter publicly. I am certain that as operations under the agreements get under way, as problems of their application and interpretation arise, and as the objectives of the undertakings come closer to fruition, this association will lead the way to clearer and fuller public understanding.

## Economic Cooperation Agreement With Italy Signed<sup>1</sup>

### SUMMARY OF AGREEMENT

The preamble recites the general purposes of the recovery program and the objectives which the United States Congress had in mind in enacting the Economic Cooperation Act of 1948.

In article I, the Government of the United States states its intention to furnish assistance to Italy within the terms set by the Congress. The undertaking of the United States is, of course, subject to the necessity of United States approval of all assistance and to the right of the United States to terminate aid at any time in accordance with the act. The Government of Italy undertakes generally to exert sustained efforts to accomplish the recovery program. The third paragraph contains an undertaking by Italy that in cases where supplies are procured outside the United States with ECA<sup>2</sup> funds, Italy will cooperate with any arrangements which the United States may make to insure the use of a reasonable proportion of the dollar proceeds for private trade and financial transactions with the United States.

Article II contains the general undertakings which are closely parallel to the mutual pledges contained in the report of the Committee of European Economic Co-operation issued September 1947 and in the Paris convention of April 16, 1948. These undertakings include agreement by Italy to make efficient and practical use of all its resources including aid made available under the recovery program, to mobilize assets in the United States belonging to Italians, to promote production, to take the necessary measures to establish financial stability, and to further the increase of trade. There are additional undertakings to cooperate in arrangements to make full use of the manpower available in Europe and to take action with respect to restrictive business practices, such as cartels, which would have the effect of interfering with the achievement of the recovery program.

Article III provides for the consultation be-

tween the two Governments which is necessary in order that the United States may, under section 111(b)(3) of the act, guarantee the convertibility into dollars of new private American investments in projects in Italy approved by the Italian Government.

Article IV relates to the deposits of the local currency counterpart of assistance made available to Italy as a grant. The Italian Government will establish a special account to which there will be credited the lira equivalent of the dollar cost of

#### Signing of the First of the Agreements

The first of the economic cooperation agreements under the Economic Cooperation Act of 1948 were signed June 28 in Dublin and Rome. It is expected that the agreements with most of the other participating countries will be signed this week and will be closely similar. Announcements concerning signing of the other agreements will be made in the respective capitals and in Washington.

The agreements parallel the convention for European economic recovery which was signed in Paris by the participating countries on April 16, 1948, and in addition establish the framework of relationships with the United States within which assistance under the program will be carried out. The general nature of the agreements follows the provisions of section 115 (b) of the Economic Cooperation Act.

<sup>1</sup> Released to the press June 28, 1948.

<sup>2</sup> Economic Cooperation Administration.



United States grants. These lire will be used for administrative expenses of the United States in Italy arising under the program, for the internal cost of the transportation of relief packages and for other purposes agreed between the two Governments, including the development of productive capacity within Italy, exploration for and the development of production of materials of which the United States is or may be deficient, the retirement of the national debt, and other noninflationary purposes.

Under article V Italy agrees to work out with the United States arrangements by which the United States can obtain increased quantities of materials needed because of deficiencies or potential deficiencies in United States resources. Detailed arrangements with regard to specific materials are to be made later under this article.

Under article VI Italy agrees to cooperate in facilitating American travel to Italy and also agrees to negotiate subsequent agreements regarding free entry of relief supplies, including private relief packages, to Italy.

Under article VII Italy agrees to furnish to the Government of the United States the full information necessary for planning and carrying out the recovery program. In addition the two Governments agree to consult at the request of either one regarding any matters arising out of the agreement.

Article VIII recognizes the necessity of full publicity—particularly in Europe—for the program and the assistance furnished by the United States.

Article IX makes provision for a special mission to carry out United States responsibilities in Italy under the agreement, including the observation and review of the carrying out of the program and further makes provision for appropriate status for the joint congressional Committee on Foreign Economic Cooperation and its staff.

Article X provides for arbitration of claims arising as a consequence of governmental meas-

ures. Such claims may be presented either before the International Court of Justice or a mutually agreed arbitral tribunal. Although Italy is not a member of the International Court it agrees to submit to its jurisdiction in such cases upon the request of the United States. It has been additionally agreed that when Italy becomes a member of the Court, the undertaking will be reciprocal as it is in the cases of countries which have already submitted to the jurisdiction of the Court. It is made clear that the submission of claims under this paragraph will depend upon there having been an exhaustion of the remedies available in the established courts within the respective countries.

Under article XII the agreement remains in force until June 30, 1953, a year after the termination of the projected four-year program. This will allow a period after assistance ceases for the completion of the many operating matters which result from assistance. There is a further provision that if either Government considers that there has been a fundamental change in the basic assumption underlying the agreement, as for example, a termination of assistance at a date earlier than anticipated, the Governments shall consult as to whether the agreement should be modified or terminated. If there is not agreement on this point, a six months' notice of termination of the agreement may be given. Such termination, however, would be subject to the following limitations:

(a) The agreement with regard to scarce materials continues for two years from the notice of termination;

(b) The provision relating to the local currency deposits remains in effect until agreement has been reached as to the disposition of such deposits; and

(c) Any subsidiary agreements or arrangements such as those relating to scarce materials will be governed by their own terms.

It is provided that the agreement will be registered with the United Nations.

## TEXT OF AGREEMENT

### PREAMBLE

The Governments of the United States of America and Italy:

Recognizing that the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance;

Recognizing that a strong and prosperous European

economy is essential for the attainment of the purposes of the United Nations;

Considering that the achievement of such conditions calls for a European recovery plan of selfhelp and mutual cooperation, open to all nations which cooperate in such a plan, based upon a strong production effort, the expansion of foreign trade, the creation or maintenance of internal financial stability and the development of economic cooperation, including all possible steps to establish and maintain valid rates of exchange and to reduce trade barriers;

Considering that in furtherance of these principles the



**Article II. General Undertaking**

1. In order to achieve the maximum recovery through the employment of assistance received from the Government of the United States of America, the Government of Italy will use its best endeavors;

(A) To adopt or maintain the measures necessary to ensure efficient and practical use of all the resources available to it, including

1) Such measures as may be necessary to ensure that the commodities and services obtained with assistance furnished under this Agreement are used for purposes consistent with this Agreement and, as far as practicable, with the general purposes outlined in the schedules furnished by the Government of Italy in support of the requirements of assistance to be furnished by the Government of the United States of America;

2) The observation and review of the use of such resources through an effective followup system approved by the Organization of European Economic Cooperation and

3) To the extent practicable, measures to locate, identify and put into appropriate use in furtherance of the joint program for European Recovery assets, and earnings therefrom, which belong to nationals of Italy and which are situated within the United States of America, its territories or possessions. Nothing in this clause imposes any obligation on the Government of the United States of America to assist in carrying out such measures or on the Government of Italy to dispose of such assets.

(B) To promote the development of industrial and agricultural production on a sound economic basis; to achieve such production targets as may be established through the Organization for European Economic Cooperation; and when desired by the Government of the United States of America to communicate to that Government detailed proposals for specific projects contemplated by the Government of Italy and to be undertaken in substantial part with assistance made available pursuant to this agreement including whenever practicable projects for increased production of food, steel and transportation facilities; and

(C) To stabilize its currency, establish or maintain a valid rate of exchange, balance its governmental budget as soon as practicable, create or maintain internal financial stability, and generally restore or maintain confidence in its monetary system; and

(D) To cooperate with other participating countries in facilitating and stimulating an interchange of goods and services among the participating countries and with other countries and in reducing public and private barriers to trade among themselves and with other countries.

2. Taking into account Article 8 of the Convention for European Economic Cooperation looking toward the full and effective use of manpower available in the various participating countries, the Government of Italy, with due regard for the urgency and importance of its own problem of surplus manpower, will accord sympathetic consideration to proposals made in conjunction with the International Refugee Organization, directed to the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this agreement.

3. The Government of Italy will take the measures which it deems appropriate, and will cooperate with other participating countries, to prevent, on the part of private or public commercial enterprises, business practices or business arrangements affecting international trade which restrain competition, limit access to markets or foster monopolistic control whenever such practices or arrangements have the effect of interfering with the achievement of the Joint Program of European recovery;

**Article III. Guaranties**

1. The Governments of the United States of America and Italy will, upon the request of either Government,

Government of Italy has joined with other like minded nations in a Convention for European Economic Cooperation signed at Paris on April 16, 1948 under which the signatories of that Convention agreed to undertake as their immediate task the elaboration and execution of a joint recovery program, and that the Government of Italy is a member of the Organization of European Economic Cooperation created pursuant to the provisions of that Convention;

Considering also that, in furtherance of these principles, the Government of the United States of America has enacted the Economic Cooperation Act of 1948, providing for the furnishing of assistance by the United States of America to nations participating in a joint program for European recovery, in order to enable such nations through their own individual and concerted efforts to become independent of extraordinary outside economic assistance;

Taking note that the Government of Italy has already expressed its adherence to the purposes and policies of the Economic Cooperation Act of 1948;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America under the Economic Cooperation Act of 1948, the receipt of such assistance by Italy, and the measures which the two Governments will take individually and together in furthering the recovery of Italy as an integral part of the joint program for European Recovery;

Have agreed as follows:

**Article I. Assistance and Cooperation**

1. The Government of the United States of America undertakes to assist Italy by making available to the Government of Italy or to any person, agency or organization designated by the latter Government, such assistance as may be requested by it and approved by the Government of the United States of America. The Government of the United States of America will furnish this assistance under the provisions, and subject to all of the terms, conditions, and termination provisions of the Economic Cooperation Act of 1948, Acts amendatory and supplementary thereto and Appropriation Acts thereunder, and will make available to the Government of Italy only such commodities, services and other assistance as are authorized to be made available by such Acts.

2. The Government of Italy, acting individually and through the Organization of European Economic Cooperation, consistently with the Convention for European Economic Cooperation signed at Paris on April 16, 1948 will exert sustained efforts in common with other participating countries speedily to achieve through a Joint Recovery Program economic conditions in Europe essential to lasting peace and prosperity and to enable the countries of Europe participating in such a Joint Recovery Program to become independent of extraordinary outside economic assistance within the period of this agreement. The Government of Italy reaffirms its intention to take action to carry out the provisions of the general obligations of the Convention of European Economic Cooperation, to continue to participate actively in the work of the Organization of European Economic Cooperation, and to continue to adhere to the purposes and policies of the Economic Cooperation Act of 1948.

3. With respect to assistance furnished by the Government of the United States of America to Italy and procured from areas outside the United States of America, its territories and possessions, the Government of Italy will cooperate with the Government of the United States of America in ensuring that procurement will be effected at reasonable prices and on reasonable terms, and so as to arrange that the dollars thereby made available to the country from which the assistance is procured are used in a manner consistent with any arrangements made by the Government of the United States of America with such country.

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consult respecting projects in Italy proposed by nationals of the United States of America and with regard to which the Government of the United States of America may appropriately make guaranties of currency transfer under Section 111 (b) (3) of the Economic Cooperation Act of 1948.

2. The Government of Italy agrees that if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, any lire or credits in lire, assigned or transferred to the Government of the United States of America pursuant to that Section shall be recognized as property of the Government of the United States of America.

### Article IV. Local Currency

1. The provisions of this Article shall apply only with respect to assistance which may be furnished by the Government of the United States of America on a grant basis.

2. The Government of Italy will establish a special account in the Bank of Italy in the name of the Government of Italy (hereinafter called the Special Account) and will make deposits in lire to this account as follows:

(a) The unencumbered balance at the close of business on the day of the signature of this Agreement in the special accounts in the Bank of Italy in name of the Government of Italy established pursuant to the Agreements between the Government of the United States of America and the Government of Italy made on July 4, 1947 and on January 3, 1948 and any further sums which may, from time to time, be required by such agreements to be deposited in the special accounts. It is understood that Subsection (c) of Section 114 of the Economic Cooperation Act of 1948 constitutes the approval and determination of the Government of the United States of America with respect to the disposition of such balances, referred to in those Agreements.

(b) The unencumbered balances of the deposits made by the Government of Italy pursuant to the exchange of notes between the two Governments dated April 20, 1948.

(c) Amounts commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services and technical information (including any costs of processing, storing, transporting, repairing or other services incident thereto) made available to Italy on a grant basis by any means authorized under the Economic Cooperation Act of 1948, less, however, the amount of the deposits made pursuant to the exchange of notes referred to in Subparagraph (b). The Government of the United States of America shall from time to time notify the Government of Italy of the indicated dollar cost of any such commodities, services and technical information, and the Government of Italy will thereupon deposit in the Special Account a commensurate amount of lire computed at a rate of exchange which shall be the par value agreed at such time with the International Monetary Fund; provided that this agreed value is the single rate applicable to the purchase of dollars for imports into Italy. If at the time of notification a par value for the lira is agreed with the Fund and there are one or more other rates applicable to the purchase of dollars for imports into Italy, or, if at the time of notification no par value for the lira is agreed with the Fund, the rate or rates for this particular purpose shall be mutually agreed upon between the Government of Italy and the Government of the United States of America. The Government of Italy may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the Government of Italy of its requirements for administrative expenditures in lire

within Italy incident to operations under the Economic Cooperation Act of 1948, and the Government of Italy will thereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. Five percent of each deposit made pursuant to this Article in respect of assistance furnished under authority of the Foreign Aid Appropriation Act, 1948, shall be allocated to the use of the Government of the United States of America for its expenditures in Italy, and sums made available pursuant to paragraph three of this Article shall first be charged to the amounts allocated under this paragraph.

5. The Government of Italy will further make such sums of lire available out of any balances in the Special Account as may be required to cover costs (including port, storage, handling and similar charges) of transportation from any point of entry in Italy to the consignee's designated point of delivery in Italy of such relief supplies and packages as are referred to in Article VI.

6. The Government of Italy may draw upon any remaining balance in the Special Account for such purpose as may be agreed from time to time with the Government of the United States of America. In considering proposals put forward by the Government of Italy for drawings from the Special Account the Government of the United States of America will take into account the need for promoting or maintaining internal monetary and financial stabilization in Italy and for stimulating productive activity and international trade and the exploration for and development of new sources of wealth within Italy, including in particular:

(a) Expenditures upon projects or programs, including those which are part of a comprehensive program for the development of the productive capacity of Italy and the other participating countries, and projects or programs the external costs of which are being covered by assistance rendered by the Government of the United States of America under the Economic Cooperation Act of 1948 or otherwise, or by loans from the International Bank for reconstruction and development;

(b) Expenditures upon the exploration for and development of additional production of materials which may be required in the United States of America because of deficiencies or potential deficiencies in the resources of the United States of America; and,

(c) Effective retirement of the national debt, especially debt held by the Bank of Italy or other banking institutions.

7. Any unencumbered balance other than unexpended amounts allocated under paragraph 4 of this Article remaining in the Special Account on June 30, 1952, shall be disposed of within Italy for such purposes as may hereafter be agreed between the Governments of the United States of America and Italy, it being understood that the agreement of the United States of America shall be subject to approval by act or joint resolution of the Congress of the United States of America.

### Article V. Access to materials

1. The Government of Italy will facilitate the transfer to the United States of America, for stockpiling or other purposes, of materials originating in Italy which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources, upon such reasonable terms of sale, exchange, barter or otherwise, and in such quantities, and for such period of time, as may be agreed to between the Governments of the United States of America and Italy, after due regard for the reasonable requirements of Italy for domestic use and commercial export of such materials. The Government of Italy will take such specific measures as may be neces-



sary to carry out the provisions of this paragraph, including the promotion of the increased production of such materials within Italy, and the removal of any hindrances to the transfer of such materials to the United States of America. The Government of Italy will, when so requested by the Government of the United States of America, enter into negotiations for detailed arrangements necessary to carry out the provisions of this paragraph.

2. Recognizing the principle of equity in respect to the drain upon the natural resources of the United States of America, and of the participating countries, the Government of Italy will, when so requested by the Government of the United States of America, negotiate where applicable (a) a future schedule of minimum availabilities to the United States of America for future purchase and delivery of a fair share of materials originating in Italy which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of the United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from Italy, (b) arrangements providing suitable protection for the right of access for any citizen of the United States of America or any corporation, partnership, or other association created under the laws of the United States of America or of any state or territory thereof and substantially beneficially owned by citizens of the United States of America, in the development of such materials on terms of treatment equivalent to those afforded to the nationals of Italy, and, (c) an agreed schedule of increased production of such materials where practicable in Italy and for delivery of an agreed percentage of such increased production to be transferred to the United States of America on a long-term basis in consideration of assistance furnished by the United States of America under this Agreement.

3. The Government of Italy when so requested by the Government of the United States of America, will cooperate whenever appropriate to further the objectives of paragraphs 1 and 2 of this Article in respect of materials originating outside of Italy.

#### Article VI. Travel Arrangements and Relief Supplies

1. The Government of Italy will cooperate with the Government of the United States of America in facilitating and encouraging the promotion and development of travel by citizens of the United States of America to and within participating countries.

2. The Government of Italy will, when so desired by the Government of the United States of America, enter into negotiations for agreements (including the provisions of duty-free treatment under appropriate safeguards) to facilitate the entry into Italy of supplies of relief goods donated to or purchased by United States voluntary non-profit relief agencies and of relief packages originating in the United States of America and consigned to individuals residing in Italy.

#### Article VII. Consultation and Transmittal of Information

1. The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

2. The Government of Italy will communicate to the Government of the United States of America in a form and at intervals to be indicated by the latter after consultation with the Government of Italy:

(A) Detailed information of projects, programs and measures proposed or adopted by the Government of Italy to carry out the provisions of this Agreement and the general obligations of the Convention for European Economic Cooperation.

(B) Full statements of operations under this Agreement including a statement of the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter;

(C) Information regarding its economy and any other relevant information, necessary to supplement that obtained by the Government of the United States of America from the Organization for European Economic Cooperation which the Government of the United States of America may need to determine the nature and scope of operations under the Economic Cooperation Act of 1948, and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress of the Joint Recovery Program.

3. The Government of Italy will assist the Government of the United States of America to obtain information relating to the materials originating in Italy referred to in Article V which is necessary to the formulation and execution of the arrangements provided for in that Article.

#### Article VIII. Publicity

1. The Governments of the United States of America and Italy recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the joint program for European Recovery and of the actions taken in furtherance of that program. It is recognized that wide dissemination of information on the progress of the program is desirable in order to develop the sense of common effort and mutual aid which are essential to the accomplishment of the objectives of the program.

2. The Government of the United States of America will encourage the dissemination of such information and will make it available to the media of public information.

3. The Government of Italy will encourage the dissemination of such information both directly and in cooperation with the Organization for European Economic Cooperation. It will make such information available to the media of public information and take all practicable steps to ensure that appropriate facilities are provided for such dissemination. It will further provide other participating countries and the Organization for European Economic Cooperation with full information on the progress of the program for Economic Recovery.

4. The Government of Italy will make public in Italy in each calendar quarter, full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.

#### Article IX. Missions

1. The Government of Italy agrees to receive a Special Mission for Economic Cooperation which will discharge the responsibilities of the Government of the United States of America in Italy under this Agreement.

2. The Government of Italy will, upon appropriate notification from the Ambassador of the United States of America in Italy, consider the Special Mission and its personnel, and the United States Special Representative in Europe, as part of the Embassy of the United States of America in Italy for the purpose of enjoying the privileges and immunities accorded to that Embassy and its personnel of comparable rank. The Government of Italy will further accord appropriate courtesies to the members and staff of the Joint Committee on Foreign Economic Cooperation of the Congress of the United States of America and grant them the facilities and assistance necessary to the effective performance of their responsibilities.

3. The Government of Italy, directly and through its representatives on the Organization of European Economic Cooperation will extend full cooperation to the Special Mission, to the United States Special Representative in Europe and his staff, and to the members and staff of the Joint Committee. Such cooperation shall include



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the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

### Article X. Settlement of Claims of Nationals

1. The Governments of the United States of America and Italy agree to submit to the decisions of the International Court of Justice any claim espoused by either Government on behalf of one of its nationals against the other Government for compensation for damage arising as a consequence of governmental measures (other than measures concerning enemy property or interests) taken after April 3, 1948, by the other Government and affecting property or interests of such national, including contracts with or concessions granted by duly authorized authorities of such other Government.

It is understood that the undertaking of the Government of the United States of America in respect of claims espoused by the Government of Italy pursuant to this Article is made under the authority of and is limited by the terms and conditions of the recognition by the United States of America of the compulsory jurisdiction of the International Court of Justice under Article 36 of the statute of the Court, as set forth in the declaration of the President of the United States of America dated August 14, 1946. The provisions of this paragraph shall be in all respects without prejudice to other rights of access, if any, of either Government to the International Court of Justice or to the espousal and presentation of claims based upon alleged violations by either Government of rights and duties arising under treaties, agreements or principles of international law.

2. The Governments of the United States of America and of Italy further agree that such claims may be referred, in lieu of the Court, to any arbitral tribunal mutually agreed upon. It is understood that the undertaking of each Government pursuant to this paragraph is subject to and limited by the terms and conditions of existing arbitration treaties, conventions or other agreements, particularly any provisions respecting the functions of the Senate of the United States of America and the Italian Parliament.

3. It is further understood that neither Government will espouse a claim pursuant to this Article until its national has exhausted the remedies available to him in the Administrative and Judicial Tribunals of the country in which the claim arose.

### Article XI. Definitions

As used in the Agreement, the term "participating country" means:

(1) Any country which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947, and territories for which it has international responsibility and to which the Economic Cooperation Agreement concluded between that country and the Government of the United States of America has been applied, and

(2) Any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration; for so long as such country is a party to the Convention for European Economic Cooperation and adheres to a joint program for European recovery designed to accomplish the purpose of this Agreement.

### Article XII. Entry into Force, Amendments, Duration

1. This Agreement shall become effective on this day's date. Subject to the provisions of paragraphs 2 and 3 of

this Article, it shall remain in force until June 30, 1953, and, unless at least six months before June 30, 1953, either Government shall have given notice in writing to the other of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

2. If during the life of this Agreement, either Government should consider there has been a fundamental change in the basic assumption underlying this Agreement, it shall so notify the other Government in writing and the two Governments will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification the two Governments have not agreed upon the action to be taken in the circumstances, either Government may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this Article, this Agreement shall terminate either:

(a) Six months after the date of such notice of intention to terminate, or

(b) After such shorter period as may be agreed to be sufficient to ensure that the obligations of the Government of Italy are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice; provided, however, that Article V and paragraph 3 of Article VII shall remain in effect until two years after the date of such notice of intention to terminate, but not later than June 30, 1953.

3. Subsidiary agreements and arrangements negotiated pursuant to this Agreement may remain in force beyond the date of termination of this Agreement and the period of effectiveness of such subsidiary Agreements and arrangements shall be governed by their own terms. Article IV shall remain in effect until all the sums in the currency of Italy required to be deposited in accordance with its own terms have been disposed of as provided in that Article.

4. Paragraph 2 of Article III shall remain in effect for so long as the guaranty payments referred to in that Article may be made by the Government of the United States of America.

5. The Annex to this agreement forms an integral part thereof.

6. This Agreement may be amended at any time by agreement between the two Governments.

7. This Agreement shall be registered with the Secretary General of the United Nations.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Rome, in duplicate, in the English and Italian languages, both texts authentic, this 28th day of June 1948.

JAMES CLEMENT DUNN

SFORZA

### ANNEX. Interpretive notes

1. It is understood that the requirements of paragraph 1 (A) of Article II, relating to the adoption of measures for the efficient use of resources, will include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

2. It is understood that the obligations under paragraph 1 (C) of Article II to balance the budget as soon as prac-

(Continued on page 57)

## Statement by Secretary Marshall Concerning Signing of Economic Cooperation Agreements

[Released to the press June 28]

With the signing of the bilateral agreements between the participating countries and the United States we take one more step in the development of the program for European recovery. The prospect for success of this great project lies in the determination of the people of Europe to work together to achieve recovery. The people of the United States have demonstrated their confidence in the success of this undertaking through the action of Congress in making available for the initial period of the program the sum of five billion dollars.

This unprecedented undertaking required expression in formal agreements stating its basic objectives and establishing the relationships necessary for the orderly achievement of those objectives. The Paris convention of April 16 expresses the aims and mutual pledges of the participating countries and establishes the Organization for European Economic Co-operation as the

mechanism through which the joint program will be achieved. The bilateral agreements state the mutual aims of the participating countries and the United States and establish the relationships through which American assistance will supplement the efforts of Europe. The two agreements are closely related. The basic undertakings in the bilateral agreements are essentially the same as those which the European countries had themselves already stated, both in last summer's report and in the convention, as necessary to achieve recovery.

Important progress has been made since the historic meetings in Paris of last summer. A framework has been established for a joint recovery program based on European initiative and mutual aid; an organization is functioning and the United States has assured large-scale assistance. A continuation of the cooperation and effort of the people of the countries concerned, under these conditions, should achieve the success of the program.

## Most-Favored-Nation Treatment for Areas Under Military Occupation With Respect to U.K., Italy, Ireland, and Greece

*Text of Note Exchanged Between the United States and United Kingdom*

*June 26, 1948.*

SIR:

I have the honor to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and the United Kingdom and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as either the Government of the United States of America or the Government of the United Kingdom of Great Britain and Northern Ireland participates in the occupation or control of any areas in western Germany or the Free Territory of Trieste, the other Government will apply to the merchandise trade of such area the

provisions of the General Agreement on Tariffs and Trade, dated October 30, 1947, as now or hereafter amended, relating to most-favored-nation treatment.

2. The undertaking in paragraph 1, above, will apply on the part of the Government of the United States of America or the Government of the United Kingdom of Great Britain and Northern Ireland to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of the United States of America or the United Kingdom of Great Britain and Northern Ireland, respectively.

3. The undertakings in paragraphs 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers to imports into the areas herein concerned. In the event that such tariff barriers are imposed, it is understood that such undertakings shall be without prejudice to the application of the principles set forth in the Havana Charter for an

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International Trade Organization relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany referred to in paragraph 1 above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in paragraph 1 for the Government of the United Kingdom to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of the United Kingdom determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Please accept [etc.]

*In the exchange of notes between the United States and Italy variations from the U.S.-U.K. exchange of notes appear in the following paragraphs:*

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in western Germany, Japan or southern Korea, the Government of Italy will apply to the merchandise trade of such area the provisions relating to the most-favored-nation treatment of the merchandise trade of the United States of America set forth in the Treaty of Friendship, Commerce and Navigation, signed February 2, 1948 (and, pending the entry into force of such Treaty, in the exchange of notes on commercial policy of August 14, 1947), or for such time as the Government of the United States of America and Italy may both be contracting parties to the General Agreement on Tariffs and Trade, dated October 30, 1947, the provisions of that Agreement, as now or hereafter amended, relating to the most-favored-nation treatment of such trade. It is understood that the undertaking in this paragraph relating to the application of the most-favored-nation provisions of the Treaty of Friendship, Commerce and Navigation shall be subject to the exceptions recognized in the General

Agreement on Tariffs and Trade permitting departures from the application of most-favored-nation treatment and that the undertaking relating to the exchange of notes on commercial policy shall be subject to such exceptions and to the exceptions recognized in the Treaty of Friendship, Commerce and Navigation; provided that nothing in this sentence shall be construed to require compliance with the procedures specified in the General Agreement with regard to the application of the exceptions in the General Agreement.

2. The undertaking in point 1, above, will apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of Italy.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany, Japan or southern Korea referred to in point 1 above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. . . .

*In the exchange of notes between the United States and Ireland variations from the U.S.-U.K. exchange of notes appear in the following paragraphs:*

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in western Germany, the Free Territory of Trieste, Japan or southern Korea, the Government of Ireland will extend to the merchandise trade of such area the most-favored-nation treatment for the time being accorded to the merchandise trade of the United States of America. It is understood that the undertaking in this paragraph relating to the extension of most-favored-nation treatment shall be subject to the exceptions recognized in the General Agreement on Tariffs and Trade permitting departures from the application of most-favored-nation treatment; provided that nothing in this sentence shall be construed to require compliance with the procedures specified in the General Agreement with regard to the application of such exceptions.

2. The undertaking in point 1, above, will apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of Ireland.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany, Japan or southern Korea referred to in point 1 above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. . . .



*In the exchange of notes between the United States and Greece variations from the U.S.-U.K. exchange of notes appear in the following paragraphs:*

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in western Germany or the Free Territory of Trieste, Japan or southern Korea, the Government of Greece will apply to the merchandise trade of such area the provisions relating to the most-favored-nation treatment of the merchandise trade of the United States of America set forth in the Provisional Commercial Agreement, signed November 15, 1938, or for such time as the Governments of the United States of America and Greece may both be contracting parties to the General Agreement on Tariffs and Trade, dated October 30, 1947, the provisions of that Agreement, as now or hereafter amended, relating to the most-favored-nation treatment of such trade. It is understood that the undertaking

in this paragraph relating to the application of the most-favored-nation provisions of the Provisional Commercial Agreement shall be subject to the exceptions recognized in the General Agreement on Tariffs and Trade permitting departures from the application of most-favored-nation treatment; provided that nothing in this sentence shall be construed to require compliance with the procedures specified in the General Agreement with regard to the application of such exceptions.

2. The undertaking in point 1, above, will apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of Greece.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany, Japan or southern Korea referred to in point 1 above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. . . .

## Signing of the Foreign Aid Appropriation Act

### STATEMENT BY THE PRESIDENT

[Released to the press by the White House June 28]

I have signed today H.R. 6801, the Foreign Aid Appropriation Act, 1949,<sup>1</sup> providing funds for the first year of the European Recovery Program, for aid to Greece, Turkey, and China, for meeting our occupation responsibilities in Europe and the Far East, and for our participation in the International Children's Fund and the International Refugee Organization. The total appropriation for these purposes included in the act is \$6,030,710,228.

By far the largest item in this act is the \$4 billion appropriation for economic cooperation with Europe. I know that the American people share the deep sense of satisfaction which I feel in taking this final step to make the European Recovery Program effective. It furnishes concrete evidence and assurance to the free peoples of the world that we stand ready to work side by side with them to preserve free institutions in stability and peace.

In June of last year, the United States indicated its readiness to work with the countries of Europe in developing a program of joint action to achieve economic recovery. Representatives of 16 European countries drew up a program in response

to this suggestion and submitted it to this Government in September. After careful study, I submitted to the Congress on December 19 recommendations for legislation to make the European Recovery Program a reality. Following full consideration by the Congress, this legislation was enacted on April 3.

Then began the last step in the legislative process—the enactment of the necessary appropriations to make the law effective. Again the program was carefully scrutinized and its various elements weighed and tested. As finally enacted, this appropriation is substantially in accord with the program presented to the Congress six months ago. It represents the combined judgment and will of the Executive and the Congress. It was evolved in the spirit of cooperation and not of partisan conflict. It demonstrates the united determination of our people to make good our pledge of cooperation to those who, like ourselves, are striving to achieve enduring peace and prosperity among all nations.

<sup>1</sup> Public Law 793, 80th Cong., 2d sess.

## THE UNITED NATIONS AND SPECIALIZED AGENCIES

### The United States in the United Nations

#### The Veto

Consideration of proposals for mitigating abuse of the veto power in the Security Council was begun by the Interim Committee of the General Assembly on July 7. Under discussion were recommendations of a subcommittee to which was assigned preliminary work on this problem. The General Assembly last fall asked the Interim Committee to "consider the problem of voting in the Security Council" and to report its conclusions to the Secretary-General not later than July 15 for transmission to member states and to the General Assembly.

The subcommittee reviewed 96 categories of Security Council decisions. Of these it listed a first group of 36 categories as clearly procedural and hence not subject to the veto, and a second group of 21 categories as decisions which ought to be taken by an affirmative vote of any seven members of the Council, whether or not they were considered procedural.

On July 7 and 8 the Committee ratified the subcommittee's findings regarding the groups of 36 and 21 decisions, although reservations were noted by a number of members. The Representatives of France and the United Kingdom refused to endorse inclusion in the second group of the decision whether a matter is procedural. This is the type of decision which often leads to the so-called "double veto." The United Kingdom Representative, James Fawcett, doubted the wisdom of including in the second group all decisions taken under the Charter's chapter VI (peaceful settlement of disputes). United States policy on this point, as originally announced by Secretary of State Marshall in his opening address at the General Assembly last September, favors abandonment by all the permanent members of the veto power on chapter VI decisions.

There was no dissent to inclusion in the second group of Security Council decisions on admissions to U.N. membership.

No less than 24 of the 26 vetoes cast by the Soviet Union to date fall in these three fields of decisions under chapter VI, membership applications, and the "double veto."

Representatives of China, France, the United Kingdom, and the United States all took exception to a proposal of Selim Sarper of Turkey, which was later withdrawn, that the Committee should add to the second group Security Council findings under article 39 that there was a "threat to the

peace, breach of the peace, or act of aggression". Article 39 is the first article in chapter VII, which covers peace-enforcement action by the Security Council. Joseph E. Johnson of the United States argued that a decision under article 39 should be subject to the unanimity rule, because if it were to be meaningful it would have to envisage recommendations or sanctions whose effectiveness would require big-power unanimity. He recalled that at the San Francisco conference article 39 had purposely been put in chapter VII rather than in chapter VI because it was felt that a determination that a threat to peace existed could lead to the whole range of action under chapter VII. Francois de Rose of France said the Turkish proposal might permit sanctions to be ordered without the assent of those who would have to enforce them.

The view that the recommendations were inadequate and that only elimination of the veto power would make the United Nations a real guardian of peace was urged by José Arce of Argentina, Carlos P. Romulo of the Philippines, and Sir Carl Berendsen of New Zealand. Dr. Arce and General Romulo declared they still favored calling a general conference under article 109 to revise the Charter.

#### Palestine

The Security Council was called to an unscheduled meeting at a late hour on July 8 to discuss indications that full-scale warfare in Palestine was about to be resumed.

The Council's July President, Dmitri Z. Manuilsky of the Ukraine, called the emergency meeting upon receipt of a telegram from Moshe Shertok, Foreign Minister of Israel, which charged that Egyptian forces had opened an offensive in South Palestine 24 hours before the four-week truce was due to expire. As the Council met, a telegram came in from Count Bernadotte, U.N. mediator in Palestine, reporting that Israel had accepted his proposal of a 30-day truce extension but that the Arab states had rejected it. The telegram expressed the mediator's disappointment "that hostilities are to be resumed" and added that he would concentrate on obtaining "a cease-fire in Jerusalem and its ultimate demilitarization". Bernadotte said he did not yet have a text of the Arab reply and promised the Council a full report "at a very early date".

Philip C. Jessup of the United States, referring to the Shertok telegram, said that the Council clearly could not act solely on the basis of an allegation from one of the parties and must await the mediator's report on resumption of fighting.



The information at hand, Mr. Jessup said, confronted the Council with some "uncertainty and ambiguity". It could be hoped that further news would show that anticipation of a truce rupture was based on a misunderstanding or that an Arab refusal to prolong it had been reconsidered. He noted it was not clear whether the Arab Governments' reply to the proposal for a truce extension had been sent before they had received the text of the Council's resolution of July 7, which appealed to both sides to prolong the truce.

"My Government welcomes the fact that the Government of Israel has accepted the proposals of the mediator", Mr. Jessup said. "It is very hard to believe that the Arab States, members of the United Nations, have actually rejected any prolongation of the truce and that they would contemplate actually resorting to war in violation of the Charter". If this were the case, the Council would have no choice, Mr. Jessup said, but to turn to chapter VII of the Charter (action with respect to threats to the peace, breaches of the peace, and acts of aggression). He recalled that the resolution of May 29 bound the Council to consider chapter VII action if the truce were repudiated or violated.

"There can be no question, in my opinion," Mr. Jessup declared, "that in a situation in which one of the contesting parties has clearly indicated its willingness to prolong the truce the other party could allege that a resort to force was an act based upon a necessity of self-defense".

Mr. Jessup pointed out that no case had hitherto required the full application of chapter VII (which authorizes diplomatic, economic, and military sanctions), "but it must be recognized that chapter VII is as much a part of the Charter as any other chapter." The U.S. Government, he said, "will be prepared to carry out its obligations as a member of the Security Council and of the United Nations."

A proposal by the United States for a finding under article 39 would parallel one made in the Council by Ambassador Warren R. Austin on May 17. It obtained only five votes, two short of the required seven.

#### Indonesia

The Security Council decided on July 6 to ask its Good Offices Committee in Indonesia for a full report on restrictions applied to trade with the Indonesian Republic. The action followed a complaint by the Indonesian Republic Representative, Lambertus Palar, that "the Dutch are trying to strangle the Republic."

The Good Offices Committee reported on June 21<sup>1</sup> that, although the truce agreement signed aboard the U.S.S. *Renville* on January 17, 1948, stipulated that normal trade channels, both domestic and foreign, were to be reopened, no significant

increase in trade in and out of Republican territory had occurred and there were severe shortages of vital commodities.

Nine members of the Council voted for a Chinese proposal to ask the Committee for full information. The U.S.S.R. and the Ukraine abstained because they thought the language of the request too mild.

#### Children's Fund

The Program Committee of the International Children's Emergency Fund met in Paris on July 3 to review its program in the 12 European countries and China where the Fund is now operating and to consider extending its aid to the U.S., U.K., and French zones in Germany, as well as to countries in the Far East other than China. The Program Committee, on which the United States is represented at this session by Louis K. Hyde, began a field trip to Poland, Czechoslovakia, and Italy on July 8 to inspect ICEF operations in these countries. Established by a General Assembly resolution of December 11, 1946, the Fund today is providing supplementary food for more than 4,000,000 children in European countries and China.

#### Labor Conference

The International Labor Organization began its Thirty-first Conference in San Francisco on June 17, with 51 of the ILO's 59 member countries represented at the Conference. David A. Morse, recently elected Director General of the organization, heads the U.S. Delegation. Among the more important decisions made by the Conference are preliminary approval of the principle of equal pay for equal work, agreement to consider establishment of regulations for labor clauses in public contracts at next year's conference, and extension of an invitation to General MacArthur, Supreme Commander for the Allied Powers in Japan, to send an observer delegation. Awaiting Conference adoption is a proposed convention on freedom of association by which both workers and employers will have the right to join workers' or employers' organizations of their own choosing. The Conference is expected to end on July 10.

#### Telecommunication Pact

President Truman has signed the international telecommunication convention with its final protocol, and the Radio Regulations annexed thereto, which were recommended for ratification by the U.S. Senate on June 2. The convention includes reorganization of the International Telecommunication Union to strengthen its relationship with the United Nations. The convention and regulations go into effect on January 1, 1949, with regard to countries and territories which have ratified or adhered to the convention by that date.

<sup>1</sup> U.N. doc. S/848, June 21, 1948.



## INTERNATIONAL ORGANIZATIONS AND CONFERENCES

### U.S. DELEGATIONS TO INTERNATIONAL CONFERENCES

#### Theatre Institute

[Released to the press June 29]

The Department of State announced on June 29 the composition of the United States Observer Delegation to the First Congress of the International Theatre Institute being held at Praha from June 28 to July 3, 1948. Warren Caro, executive secretary of the Theatre Guild, New York, is serving as chairman of the Observer Delegation and Miss Rosamond Gilder, secretary, American National Theatre and Academy, New York, as adviser.

The meeting is being held under the sponsorship of the United Nations Educational, Scientific and Cultural Organization (UNESCO) with the co-operation of the Government of Czechoslovakia. The purpose of the Congress is to create an International Theatre Institute to provide for the establishment of international theatre centers in the member states of UNESCO.

A proposal for the creation of an International Theatre Institute was approved by the First Session of the General Conference of UNESCO at Paris in 1946. A meeting of experts was held at Paris in July 1947, at which a charter for the Institute was drafted. The Second Session of the General Conference of UNESCO, held in Mexico City in November 1947, authorized the convening of an international conference to establish the International Theatre Institute.

The provisional agenda for the meeting includes: (1) adoption of a final draft charter for the Institute; (2) the election of an Executive Committee which will be responsible for making recommendations concerning the site of the permanent headquarters of the Institute, the site of the Second Congress, and the appointment of the Secretary General and staff; (3) the organization and operation of a playscript-exchange service; (4) the development of an operational scheme for services to performing companies abroad; and (5) the development of the structure and nature of information services.

#### UNESCO

[Released to the press June 28]

The Department of State announced on June 28 the list of advisers to the United States Delegation to the Third Session of the General Con-

ference of the United Nations Educational, Scientific and Cultural Organization (UNESCO), which is scheduled to be held at Beirut, Lebanon, October 18 to November 10, 1948, as follows:

*Special Adviser to the United States Delegation and Member of the Executive Board of UNESCO*

George D. Stoddard, President, University of Illinois, Urbana, Ill.

#### Advisers

Ben M. Cherrington, Social Science Foundation, Denver, Colo.

Kermitt Eby, Director of Education and Research, Congress of Industrial Organizations

E. Pendleton Herring, President-elect, Social Science Research Council

Richard P. McKeon, Professor of Philosophy, University of Chicago

Kendric Marshall, United States Office of Education

Stephen B. L. Penrose, President-designate of Beirut University

Louise Wright, Director, Chicago Council on Foreign Relations

Charles M. Hulten, Deputy Assistant Secretary for Administration, Department of State

Walter M. Kotschnig, Chief, Division of International Organization Affairs, Office of United Nations Affairs, Department of State

Kenneth Holland, Counselor on UNESCO Affairs, American Embassy, Paris

James S. Moose, Jr., Foreign Service Inspector

Samuel de Palma, Division of International Organization Affairs, Department of State

Esther C. Brunauer, Assistant Director, UNESCO Relations Staff, Department of State

#### Special Assistant to the Chairman

Saxton Bradford, Deputy Director, UNESCO Relations Staff, Department of State

#### Executive Secretary

Henry J. Sabatinl, Division of International Conferences, Department of State

#### Technical Secretary

Herbert J. Abraham, UNESCO Relations Staff, Department of State

On June 24, 1948, the President approved the designation of the following in the capacity named:

*Representatives of the United States to the Third Session of the General Conference of UNESCO*

George V. Allen, of North Carolina

Milton S. Eisenhower, of Kansas

Luther H. Evans, of Texas

Waldo G. Leland, of Massachusetts

Mrs. Anne O'Hare McCormick, of New York

*Alternate Representatives*

Frank Capra, of California  
 William H. Hastie, of the District of Columbia  
 Mrs. Kathleen N. Lardle, of Michigan  
 W. Albert Noyes, Jr., of New York  
 George F. Zook, of Virginia

*Congressional Adviser*

J. William Fulbright, of Arkansas

In accordance with the UNESCO constitution, the Executive Board of UNESCO, at its meeting at Paris in February 1948, prepared the draft agenda for the Third Session of the General Conference. Among the items on this provisional agenda are: (1) report of the Director General on the activities of the Organization in 1948; (2) consideration of reports submitted by member states in 1948; (3) discussion of certain items in the program for 1948 and of new activities proposed for 1949; (4) the Organization's budget; (5) matters which have been raised by member states, the United Nations, or other specialized agencies; (6) organizational questions, including the National Commissions of UNESCO; (7) election of seven members to the Executive Board; (8) appointment of the Director General; (9) consideration of recommendations of the Executive Board concerning the admission of new members to the Organization; and (10) consideration of recommendations of the Executive Board concerning the admission of observers of international nongovernmental organizations to the Third Session of the General Conference.

UNESCO, a specialized agency of the United Nations, designed to foster international understanding through educational, scientific, and cultural activities, was launched at a meeting of 41 members of the United Nations at London in November 1945. The main objective of the organization is to contribute to peace and security by promoting collaboration among nations in every field of knowledge. The First Session of the General Conference of UNESCO was held at Paris in November and December 1946. The Second Session was held at Mexico City in November and December 1947.

It is expected that representatives of the 39 governments which have adhered to the UNESCO constitution will attend the forthcoming meeting.

## U.S.-CANADA INTERNATIONAL JOINT COMMISSION DISCUSSES KOOTENAY RIVER FLOODS

[Released to the press June 29]

At the request of Governor C. A. Robins of Idaho, members of the International Joint Commission, United States and Canada, will meet at Bonners Ferry, Idaho, on July 27, 1948, to confer with officers and persons affected by the recent serious floods of the Kootenay River, which have caused serious damage in both Canada and the United States.

The Commission has pending before it a reference from the Governments of the United States and Canada requiring a study and recommendations with respect to the entire Columbia River Basin, which includes the Kootenay River. As rivers in the States of Washington, Oregon, Montana, and Wyoming are involved in this project in addition to rivers in the State of Idaho, the Governors of all five States have been invited to participate, either personally or by representatives, in the meeting. Officials of the Canadian Government and of the Province of British Columbia, as well as other interested Canadians, have also been invited to be present and present their views.

The International Columbia River Engineering Board has been conducting studies in Canada and the United States for the past four years, and the results of their work up to the present time will be available for consideration. The chairman of the Canadian group of engineers is Victor Meek, controller, Dominion Water and Power Bureau, and Major General R. C. Crawford, deputy chief of engineers, Corps of Engineers, United States Army, is chairman of the group of engineers that has conducted investigations in the United States. It is hoped that an important program for development of water storage and hydroelectric development may be planned to prevent the destruction and great loss of property that has occurred as a result of devastating floods in this area this spring.

## THE RECORD OF THE WEEK

### U.S. Urges Soviet Command To Resume Electric Power to South Korea

#### U.S. NOTE TO THE SOVIET MINISTRY FOR FOREIGN AFFAIRS

[Released to the press June 29]

*Delivered June 26, 1948.*

I have the honor to bring to the attention of your Excellency the matter of the distribution of electric power in Korea.

As you are doubtless aware, the principal electric power production facilities for the whole of that country are located in the area north of the 38° parallel presently occupied by Soviet forces. As you are probably also aware, those facilities were designed to meet a substantial proportion of the electric power requirements of that part of the country lying south of the 38° parallel and presently occupied by U.S. forces.

With a view to ensuring that the people of south Korea would not be deprived of the continued normal flow of electric power from such north Korean sources, the U.S. Command entered on June 17, 1947 into an agreement with the Soviet Command designed to effect a settlement for power already supplied and to provide the basis for a subsequent settlement for power to be furnished in the future. The provisions of that agreement were substantially as follows:

(a) the cost of power delivered for the period August 16, 1945, through May 31, 1947, was fixed at 16,334,735 yen, based upon 1941 prices at 0.0195 yen per K.W.H.;

(b) payment should be in equipment and specified materials to be delivered by the U.S. Command within six months from the date of delivery of final revised specifications;

(c) the cost of the equipment and materials would be determined on the basis of 1941 Japanese price lists, or when unavailable or lacking the necessary data, corresponding U.S. price lists would be used. The rate of exchange for this purpose was fixed at 100 yen equalling \$23.44;

(d) should the delivery of particular materials be impossible at a specified time, new terms of delivery or the substitution of other materials would be determined by mutual agreement;

(e) electric power supplied after June 1, 1947, would be the subject of a separate agreement, to be signed within one month.

When it became apparent, as early as December 1947, that delays in the delivery of the specified materials would be unavoidable because of their

extreme shortage in the world markets, the Commanding General of the U.S. Army Forces in Korea, in accordance with stipulation (d) of the agreement as outlined above, initiated a series of efforts to open discussions with the Soviet Command regarding the substitution of other materials, or to settle the account in American dollars. By his letter of May 8, 1948, General Hodge notified General Korotkov that the 8th shipment of materials, in partial payment of electric power received prior to June 1, 1947, would be ready for inspection and delivery on May 25, 1948. The estimated value of this delivery was given as 40% of the total debt, and it was pointed out that this amount, in addition to the 35% already delivered, left an unpaid balance of 25% which General Hodge suggested should be negotiated, under the terms of the Agreement, at a conference between the two commands. On May 14, 1948, six days after the delivery of this letter, the electric power supply to south Korea was cut off, and has never been resumed. On May 17, 1948, in a letter to General Korotkov, General Hodge protested this unwarranted action.

On June 12, 1948, General Hodge referring to his letter of May 8, 1948, notified the Soviet Command in north Korea that materials in payment of the outstanding obligations were either in Seoul awaiting delivery to north Korea, or en route to Seoul. The alternative of settling the account in United States dollars was also reiterated. In this letter, General Hodge again proposed that upon the resumption of the flow of electric power to south Korea and the transfer of the materials now awaiting delivery to north Korea, a conference of accredited representatives of the two Commands, including representative Koreans from both north and south Korea, be convened in either Seoul or Pyongyang. General Hodge expressed the hope that through such a conference a definitive settlement of outstanding accounts, which would include payments for power delivered after June 1, 1947, could be made.

In reply to his letter of May 17, 1948, General Hodge has received a letter from General Merkulov dated June 15, 1948, which reiterated previous communications from the Soviet Command in north Korea to the effect that "the Soviet Command cannot fulfill the functions as an intermediary between the American Command and the



Peoples Committee of north Korea in the case of delivery of electric energy to south Korea." Acknowledgment has not been made of General Hodge's letter of June 12, 1948.

It is the view of this Government that so long as Soviet forces remain in occupation of north Korea, the Soviet Command cannot divest itself unilaterally of its responsibilities, including the responsibility incurred under the agreement of June 17, 1947. Should the Soviet Command per-

sist in refusing to maintain an adequate flow of electric power to south Korea, the people of that area will thereby be subjected to unwarranted hardships.

It is urged, therefore, that instructions be transmitted to the Soviet Command in Korea to resume deliveries of electric power to south Korea immediately, and to participate with representatives of the United States Command in the negotiations proposed by General Hodge.

## Consideration of Soviet Reply to American Lend-Lease Settlement Proposals

STATEMENT BY SECRETARY MARSHALL

[Released to the press July 2]

After receiving a communication from the Department of State on the subject of a lend-lease settlement, the Soviet Ambassador called in late May and stated his intention to return to Moscow to obtain new instructions. Since his return to the United States the Ambassador has submitted a reply which is now being studied.

After many delays the negotiations began on April 30, 1947, since which time they have continued sporadically. The United States has made proposals as to the main points of settlement which follow the basic principles of settlements already concluded with other major lend-lease recipients. Our proposals are in accord with the provisions of the Soviet master lend-lease agreement of June 11, 1942.

In general the United States asks no payment for any lend-lease aid represented by articles or services expended in the common war effort prior to V-J Day, September 2, 1945. The Soviet Government is being asked to pay the reasonable value

as of V-J Day of civilian-type lend-lease articles which remained in existence on that day, such articles being of a kind which would have a peacetime utility to the Soviet economy. Eight lend-lease merchant vessels have been returned by the Soviet Government under the provisions of article V of the master agreement. Settlement for the 87 merchant vessels remaining in Soviet possession is one of the subjects under discussion in the negotiations, and their ultimate disposition depends upon the outcome of these negotiations. In addition to the 8 merchant vessels already returned, this Government has requested the immediate return of 3 icebreakers and 28 frigates of the United States Navy. The disposition of certain other small naval craft still in Soviet possession is also a subject under discussion in the negotiations. The United States asks the Soviet Government to provide compensation to United States firms for the use of their patented processes supplied to the Soviet Government under lend-lease during the war.

## Reply to Soviet Protest of Newsweek Article

[Released to the press June 29]

*Text of note from the Secretary of State to the Soviet Ambassador, dated June 28, 1948*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to acknowledge the receipt of the Embassy's note No. 107 of June 9, 1948, bringing to the attention of this Government an article which appeared in the May 17, 1948, issue of *Newsweek* magazine, which the Embassy's note characterizes as a violation of the Resolution on Measures to be taken against Propaganda and the Inciters of a New War adopted at the Second Session of the General Assembly of the United Nations. The article discusses an alleged plan of defense by American air forces in the event of an attack upon the United States.

July 11, 1948

The American attitude concerning the function of the press has been made clear to the Soviet Government at numerous meetings of various agencies of the United Nations at which the question of the freedom of the press has been discussed. It is a tradition in this country that the public press shall serve as a forum for the discussion of all questions of public concern.

The Government of the United States agrees that this Government, whose representatives approved the General Assembly Resolution, should "promote, by all means of publicity and propaganda available to them, friendly relations among nations based on the Purposes and Principles of the Charter". The Government of the United States is actively pursuing this policy. This Government, however, cannot accept the view expressed in the Embassy's note to the effect that governments which accepted the resolution should

bear responsibility for acts committed on their territories which by their nature violate the resolution. The position of the United States Government on this point was made clear in the debate on the resolution at the General Assembly last year in the following statement by Mr. Austin:

"The United States Delegation opposes any attempts, direct or indirect, to limit freedom of expression. We are against even setting foot upon the path leading to suppression and tyranny."

Any attempt on the part of the Government of the United States to control or suppress articles of this type appearing in the public press would be a violation of the right of freedom of the press which is guaranteed by the Constitution of the United States.

An examination of the *Newsweek* article will reveal that its whole tenor was postulated on an assumed act of aggression against the United States. The greater part of the article was devoted to speculation concerning measures to which the United States might resort for its national defense if confronted with such an attack. There is no suggestion that the United States should take the initiative in attacking the Soviet Union or any other country.

It is a cause for surprise to this Government that the Soviet Government should feel called upon to protest against articles appearing in the United States where the press and other organs of information are free of governmental control in accordance with the principles of freedom of information, when in the Soviet Union where, as Premier Stalin made clear in his interview with Mr. Stassen on April 9, 1947, the government in fact controls and censors the press and other organs of information and thereby makes itself responsible for the material they publish, articles are constantly appearing which in the opinion of this Government can scarcely be construed as promoting friendly relations among nations, based on the purposes and principles of the Charter.

The Government of the United States is happy to observe the statement in the Embassy's note characterizing the charge that the Soviet Union is preparing an attack upon the United States as a libelous invention.

### **Surplus-Property Payments From France, Netherlands, and Brazil**

[Released to the press July 2]

The Department of State announced on July 2 that the Government of the United States has received the following payments:

A sum in francs equivalent to 13 million dollars from the Government of France for interest due on July 1, 1948, under a credit extended to France

for settlement of its U.S. lend-lease account and the purchase of U.S. surplus property. No payments of principal are due until 1951.

The sum of 960 thousand dollars from the Netherlands Government for interest due on July 1, 1948, on the Netherlands lend-lease account. No payments of principal are due until 1951.

The sum of 5 million dollars from the Government of Brazil as the July 1, 1948, installment on its remaining lend-lease obligations to the United States.

The francs making the second installment paid by France to the United States will be used for educational purposes under the Fulbright Act if an agreement, now under negotiation between France and the United States, is concluded prior to August 15, 1948. If such an agreement is not concluded by that time, the disposition of the francs will be subject to further negotiation, or the francs will be returned and the obligation of the French to pay the interest in dollars will be reinstated.

The lend-lease and surplus-property agreement with France was signed on May 28, 1946. France agreed to pay the United States 720 million dollars on deferred payment, for which it received approximately 1,398 million dollars at procurement cost in United States war surplus located in France and also settled its lend-lease account of 3,233 million dollars for France and its possessions. This settlement also took into account the 760 million dollars in reverse lend-lease furnished by France to the United States during the war.

The Netherlands payment was the first interest installment on the 67,500 thousand dollars due the United States under its lend-lease settlement agreement signed on May 28, 1947. Under lend-lease, the Netherlands received 249 million dollars in lend-lease materials and furnished the United States 2,400 thousand dollars in reverse lend-lease.

Brazil's 5-million-dollar installment leaves approximately 30 million dollars due to the United States under its lend-lease settlement agreement, signed on April 15, 1948.

### **Bolivian Proposal on Defaulted Bonds**

*Statement by Secretary Marshall*

[Released to the press July 1]

The Bolivian Government has made a public announcement of a proposed plan for the resumption, on an adjusted basis, of its dollar bonds which have been in default for many years. The announcement describes an offer which will be made to the bondholders when it has been approved by the Bolivian Congress.

The decision of the Bolivian Government to resume service on its external obligations is a constructive action which is most gratifying.



## Discussions With Sweden on Loss of Gold and Foreign-Exchange Holdings

### SUMMARY OF NEGOTIATIONS

[Released to the press June 28]

The Department of State announced on June 28 that discussions have recently been held between representatives of the United States and Swedish Governments regarding Sweden's need to prevent further serious losses of gold and foreign-exchange holdings caused by the substantial deficit in Sweden's trade with the hard-currency areas of the world.

The drastic reduction of Sweden's holdings of hard currencies since the close of the war necessitated temporary modifications of the quantitative and nondiscriminatory commitments of the trade agreement of 1935 between the two countries.

Understandings regarding such modifications for the period ending June 30, 1948, were reached on June 24, 1947, and February 11, 1948.<sup>1</sup>

Due to Sweden's continued shortage of hard currency it was agreed on June 12 to extend the arrangements embodied in the aforementioned understandings until June 30, 1949, or until Sweden becomes a contracting party to the General Agreement on Tariffs and Trade, whichever is the earlier date. The understanding of June 12 may be terminated by either Government on 60 days' written notice, after consultation as to the justification for its continuance.

### EXCHANGE OF MEMORANDA BETWEEN THE U.S. AND SWEDEN

[Released to the press June 28]

The Government of Sweden wishes to refer to discussions which have recently been held between its Embassy in Washington and representatives of the Government of the United States of America concerning the problems faced by the Government of Sweden as the result of the serious loss of its gold and dollar exchange. These discussions have resulted in a mutual understanding between the two Governments as follows:

1. Because of the large deficit in the Swedish balance of payments with the hard-currency areas of the world it is recognized that the Government of Sweden continues to be faced with the necessity of taking measures to correct its present imbalance of trade and to conserve its foreign exchange. The import restrictions imposed by the Government of Sweden on March 15, 1947, as presently applied are understood to serve these purposes.

2. It is therefore agreed that the provisions contained in the exchange of aide-memoire between the two Governments dated June 24, 1947, as modified by the exchange of memoranda dated February 11, 1948 shall continue to be applied after June 30, 1948, until the Government of Sweden becomes a contracting party to the General Agreement on Tariffs and Trade concluded at Geneva Switzerland on October 30, 1947, or until June 30, 1949, whichever is the earlier. If by May 1, 1949,

Sweden has not adhered to the General Agreement on Tariffs and Trade, the two Governments agree to review the situation for the purpose of considering such actions as the circumstances may demand.

It is further agreed that either Government after consultation as to the continued justification for this understanding may terminate it on sixty days written notice.

WASHINGTON, D. C., June 12, 1948.

The Government of the United States of America wishes to refer to discussions which have recently been held between its representatives and representatives of the Embassy of Sweden concerning the problems faced by the Government of Sweden as the result of its serious loss of gold and dollar exchange, and to the memorandum of today's date from the Embassy of Sweden setting forth the understanding reached in these discussions. The Government of the United States of America confirms the understanding reached in these discussions as set forth in the memorandum from the Embassy of Sweden.

WASHINGTON, June 12, 1948.

<sup>1</sup> See BULLETIN of Feb. 22, 1948, p. 251.



## Air Transport To Supply Civilian Needs in Berlin

*Statement by Secretary Marshall*

[Released to the press June 30]

We are in Berlin as a result of agreements between the Governments on the areas of occupation in Germany, and we intend to stay. The Soviet attempt to blockade the German civilian population of Berlin raises basic questions of serious import with which we expect to deal promptly.

Meanwhile, maximum use of air transport will be made to supply the civilian population. It has been found, after study, that the tonnage of food-stuffs and supplies which can be lifted by air is greater than had at first been assumed.

## Hungary Requires Presentation of Foreign-Owned Shares of Hungarian Banks

[Released to the press June 29]

The Department of State announced on June 29 the receipt of information that a decree of the Hungarian Government, published on May 6, 1948, requires that shares of the National Bank of Hungary and of banks in the first category of the Central Corporation of Banking Companies (the banks nationalized on December 4, 1947) which are owned by foreign nationals and corporations registered abroad must be presented by the owners or custodians, for the purpose of listing, before July 30, 1948. For individuals residing abroad and corporations domiciled abroad the time limit

is 45 days after the pertinent Hungarian diplomatic mission makes an announcement on the matter through the newspapers. (The Hungarian Legation at Washington has informed the Department that no announcement has yet been made in the United States.) If the shares involved were annulled by Hungarian courts or are in process of nullification, a copy of the nullification decree or information concerning the nullification procedure must be presented. The presentation must be made whether or not the shares have been declared pursuant to previous legislation.<sup>1</sup>

Shares held in Hungary must be presented at the Central Corporation of Banking Companies, while those held abroad must be presented at a Hungarian diplomatic mission.

The owner or custodian of the shares must declare at the time of presentation the date and manner of acquisition of the shares, and if the owner is an individual there must be stated also the date of his acquisition of foreign citizenship and, if he previously lived in Hungary, the date of his departure from that country. The Central Corporation of Banking Companies may require proof of the date submitted.

Shares not presented within the time limit will be declared null and void and will be replaced by new shares which will be delivered to the Hungarian Treasury without compensation. This will also be done in the case of shares of which the foreign ownership is not proved prior to a date to be fixed by the Hungarian Government.

The decree became effective on the date of publication.

## Signing of the Trade Agreements Extension Act of 1948

### STATEMENT BY THE PRESIDENT

[Released to the press by the White House June 26]

I have today signed H.R. 6556, the Trade Agreements Extension Act of 1948. Unfortunately, this act extends for only one year the authority to enter into reciprocal trade agreements. It also makes unwise changes in the procedure for negotiating such agreements.

I regret very much that the Congress has not seen fit to renew this authority for the customary three-year period. There is no valid reason for a one-year limitation, which appears to cast some doubt upon our intentions for the future.

Moreover, the act prescribes a new, complicated, time-consuming and unnecessary procedure for the negotiation of reciprocal trade agreements. This change in procedure will necessarily hamper and obstruct the negotiation of new agreements,

a defect which is particularly undesirable in view of the act's limitation to a single year.

The reciprocal trade-agreements program has long occupied a key position in our foreign policy and in our endeavors to assist world recovery. As I pointed out in a special message to the Congress last March, the program is a tested and practical means for achieving the benefits of expanding world commerce for the United States and other countries and a continuing evidence of the determination of the United States to contribute its full share to the reconstruction of a sound and growing world economy as a basis for enduring world peace.

As part of the European Recovery Program, the participating countries have agreed to work together to lower barriers to trade. The United States can surely do no less than show its determination to support the same principle, which is

<sup>1</sup> BULLETIN of July 13, 1947, p. 960.

so important to an expansion of world markets and world trade.

It is so essential that the reciprocal trade-agreements program should not lapse, that I have signed this act in spite of its serious defects.

I will do my best to make the new procedures work. As a first step, I intend to proceed in the near future with plans for bringing other countries into the General Agreement on Tariffs and

Trade signed with 22 countries at Geneva in October 1947.

The reciprocal trade-agreements program is one of high national policy. When the act is again extended next year, I trust that the defects contained in this year's extension will be corrected, in order that the act will be restored as a fully effective instrument of permanent United States policy.

## Geneva Trade Protocol Signed by Twenty-two Countries

[Released to the press July 11]

Twenty-two of the twenty-three countries signing the General Agreement on Tariffs and Trade at Geneva on October 30, 1947, have signed the protocol of provisional application, meeting the June 30 date for such signature as provided in the protocol. Burma, Ceylon, and Lebanon signed on June 29, Brazil, New Zealand, Pakistan, and Syria on June 30. Pursuant to the provisions of the protocol, the seven countries will become contracting parties to the agreement on the expiration of 30 days from date of signature. A presidential proclamation will be necessary to give effect to the tariff concessions which were granted by the United States in schedule XX of the general agreement and are of primary interest to these countries.

Chile, which participated in the Geneva negotiations, has requested from the contracting parties to the general agreement an extension for six months beyond June 30, 1948, of the period during which it might sign the protocol of provisional application. This request is under consideration by the contracting parties.

The 15 countries which had previously signed the protocol are the United Kingdom, France, Belgium, the Netherlands, Luxembourg, Canada, Australia, Cuba, Czechoslovakia, China, the Union of South Africa, India, Norway, Southern Rhodesia, and the United States.

The signature of the protocol by 22 of the 23 countries marks an important milestone in the program for the relaxation of tariffs and other barriers to international trade initiated by the United States in 1934 and carried forward in the multilateral negotiations concluded at Geneva last October. As stated by the President in connection with his signature on June 26 of the Trade Agreements Extension Act of 1948, plans are now being laid to bring other countries into the General Agreement on Tariffs and Trade. The scheduling of future tariff negotiations is on the agenda for the second session of the contracting parties to the general agreement to be convened at Geneva on August 15. In accordance with the usual practice, participation by the United States in any negotiations which may be scheduled at Geneva will be preceded by public notice and hearings.

## Proclamation on General Agreement on Tariffs and Trade With India, Norway, and Southern Rhodesia

The President, on June 25, 1948, issued a proclamation putting into effect as of July 9 and 11 the tariff concessions in schedule XX of the General Agreement on Tariffs and Trade of primary interest to India and Norway, respectively. The proclamation also states that Southern Rhodesia will be a contracting party to the general agreement on July 12, 1948. The general agreement was entered into by the United States last October 30 at Geneva with 22 other countries.

The proclamation also announces that the amendments to article XXIV of the general agreement, contained in a protocol concluded at the first session of the contracting parties to the Geneva agreement at Habana last March, entered into force on June 7.

The President's action followed receipt of information that India signed the protocol of provisional application of the general agreement on

June 8, 1948; Norway on June 10; and Southern Rhodesia on June 11. Pursuant to the provisions of the protocol, these countries will become contracting parties to the agreement on the expiration of 30 days from date of signature.

Adherence to the general agreement by these three countries is particularly significant, since it is the first trade agreement to be in force between the United States and each of them.

India, Norway, and Southern Rhodesia are, respectively, the thirteenth, fourteenth, and fifteenth of the Geneva countries to give effect to this agreement. The other countries which have done so, in addition to the United States, are the United Kingdom, France, Belgium, the Netherlands, Luxembourg, Canada, Australia, Cuba, Czechoslovakia, China, and the Union of South Africa.

<sup>1</sup> For text of protocol, see Department of State press release 261 of Mar. 31, 1948.



Under the general agreement India, Norway, and Southern Rhodesia grant a wide range of tariff concessions benefiting the trade of the United States. Moreover they and the other contracting parties to the agreement are committed to certain limitations with respect to the application of quotas, import restrictions, exchange control, valuation for customs purposes, and the conduct of state trading. These provisions are important since they commit these countries as well as the other contracting parties giving effect to the agreement under the protocol of provisional application to accord fair treatment to the trade of the United States. Under the agreement the United States on its part has made tariff concessions on products of primary interest to Norway and India and of secondary interest to Southern Rhodesia. The reciprocal tariff concessions in the case of each of these countries are summarized hereafter:

#### India

In schedule XII of the general agreement, India has granted concessions on products of primary interest to the United States representing about \$9,552,000 in terms of 1938-39 Indian imports from the United States. The United States will also benefit from additional Indian concessions negotiated with other countries at Geneva on products the imports of which into India from the United States amounted to \$487,000 in 1938-39. These concessions were given in the form of reductions in rates of duty, bindings against increase of existing duties, bindings of the duty-free status, and reductions in the margins of preference. Imports in 1938-39 from the United States which will be subject to these four types of concessions were valued at \$2,349,000, \$1,931,000, \$599,000, and \$5,160,000, respectively. Among the principal Indian concessions of interest to the United States are those on dried and condensed milk, canned fish and meat, unmanufactured tobacco, certain canned fruits, certain chemicals and drugs, unwrought copper, rosin, mineral grease, coal-tar dyes, certain machine items, office machines, radios, tubes, tractors, and automobiles.

India will give effect to the items appearing in schedule XII, with certain exceptions, on the expiration of 30 days from the date of signature. It will be necessary for India to withhold temporarily certain concessions on tariffs which are levied for revenue purposes, until legislative action may be taken on them in September.

United States concessions in the general agreement on products of interest to India apply to imports from India which represented approximately \$55,145,000 in terms of 1939 trade. The most important of these products are not produced in the United States; e.g., jute and jute products, dutiable and free imports of which amounted to roughly \$25,608,000 and \$3,600,000, respectively, in 1939. In terms of 1939 trade, United States tariff reduc-

tions apply to a total of \$33,627,000; bindings against increase of certain duties, to \$978,000; and bindings on the free list, to \$20,540,000. Among these products of principal interest to India on which the United States has granted duty reductions are mica, cashew nuts, burlap and bags, cocoa-fiber mats, wool rugs, badminton rackets and nets, and tennis rackets. Continued duty-free entry is assured on such products as carpet wools, raw jute, and shellac. The present duty on bagging is bound against increase.

#### Norway

Under the general agreement Norway granted tariff concessions on products of interest to the United States representing more than \$15,300,000 in terms of 1939 trade. Of this total, \$6,500,000 represents duty reductions, \$3,800,000 duty bindings, and \$5,000,000 bindings on the free list. Existing Norwegian import duties were reduced on such products as automobiles, trucks, office machines, refrigerators, a variety of fruits and fruit juices, and of vegetables and vegetable juices. Moderate existing duties were bound on rubber tires and tubes, machine and transmission belting, certain varnishes and polishes, cosmetics and dentifrices, and unexposed photographic and motion-picture film. The duty-free status was bound for such items as cotton, wheat flour, tractors, sulphur and other chemicals, rubber and certain rubber semi-manufactures, tin plate, and certain types of lumber.

The concessions on products of interest to Norway, made by the United States in the general agreement, apply to commodities which represented approximately \$21,000,000 in terms of 1939 trade. On products accounting for approximately \$11,000,000 of this total the United States concessions consist of bindings on the United States free list. Among the items of principal interest to Norway on which United States tariff reductions are granted are: whale oil, sardines packed in oil, certain other fish and fish products, fish hooks, certain types of pig iron and ferromanganese. The existing duties on sardines and certain other types of fish not packed in oil, and that on artificial abrasives, were bound. Continued duty-free entry is assured for such commodities as cod-liver oil, cod oil, fox furs (other than silver, black, or platinum), and nitrogenous fertilizer materials.

#### Southern Rhodesia

In schedule XVI of the agreement Southern Rhodesia bound the existing low rates of duty on 12 items, among which are certain types of agricultural machinery and implements, mining machinery, pumps and accessories, tractors and parts, machine tools and lubricating oils; reduced its duties on motorcycles and motorcycle parts; and bound the duty-free status on radios. In terms of 1939 trade, Rhodesian imports from the United



States of these items on which concessions were given amounted to approximately \$1,220,000. Southern Rhodesia is an important source for United States imports of mica, chromium and its alloys, asbestos, chrome ore, and tanning extracts; consequently, it will benefit from the tariff concessions granted by the United States on these products in schedule XX of the agreement.

### Voice of America Program Contracts Signed With Networks

[Released to the press July 1]

The signature of interim agreements with the National Broadcasting Company and the Columbia Broadcasting System covering the broadcasts to be performed by those companies for the Voice of America during the period of July 1 to September 30 was announced on July 1 by George V. Allen, Assistant Secretary for public affairs.

The National Broadcasting Company and the Columbia Broadcasting System have decided to withdraw from programing activities in the field of international broadcasting previously performed for the Voice of America under contract, and the three months' interim contracts cover the period during which the State Department's International Broadcasting Division will prepare to take over the Voice of America broadcasting now done by the National Broadcasting Company and the Columbia Broadcasting System.

The interim agreements, effective July 1, provide for maintenance by the State Department of full and complete review, prior to broadcast, of all material prepared under contract by the private agencies.

The International Broadcasting Division of the State Department broadcasts Voice of America programs in the following languages: Bulgarian, Chinese, Czechoslovak, German, Greek, Hungarian, Korean, Polish, Rumanian, Russian, and Yugoslav.

The National Broadcasting Company and the Columbia Broadcasting System have broadcast for the State Department in the following languages: Annamese, English, French, German, Indonesian, Italian, Portuguese, Siamese, and Spanish.

During the next three months the International Broadcasting Division of the State Department will organize its staff to handle that portion of its broadcasts which was programed by the two companies during the past year.

After October 1, the International Broadcasting Division will program and broadcast all news and commentaries but will continue to contract with private radio and recording companies for recording of feature programs for overseas broadcasts and will continue to lease, under contract, the shortwave transmitting facilities of private companies.

### Italian Agreement—Continued from page 42

licable will not preclude deficits for over a short period but will mean a budgetary policy involving the balancing of the budget in the long run.

3. It is understood that the business practices and business arrangements referred to in paragraph 3 of Article II mean:

(a) Fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any products;

(b) Excluding enterprises from, or allocating or dividing, any territorial market or field of business activity or allocating customers, or fixing sales quotas or purchase quotas;

(c) Discriminating against particular enterprises;

(d) Limiting production or fixing production quotas;

(e) Preventing by agreement the development or application of technology or invention whether patented or unpatented;

(f) Extending the use of rights under patents, trade marks or copyrights granted by either country to matters which according to its laws and regulations are not within the scope of such grants, or to products or conditions of production, use or sale which are likewise not the subjects of such grants;

(g) Such other practices as the two Governments may agree to include.

The foregoing reproduces the definition of restrictive business practices contained in Article 46, paragraph three, Havana International Trade Organization Charter.

4. It is understood that the Government of Italy is obligated to take action in particular instances in accordance with paragraph 3 of Article II only after appropriate investigation or examination.

5. It is understood that the phrase in Article V, "After due regard for the reasonable requirements of Italy for domestic use" will include the maintenance of reasonable stocks of the materials concerned and that the phrase "commercial export" might include barter transactions. It is also understood that arrangements negotiated under Article V might appropriately include provision for consultation, in accordance with the principles of Article Thirty-two of the Havana Charter for an International Trade Organization, in the event that stockpiles are liquidated.

6. It is understood that the Government of the United States of America in making the notifications referred to in paragraph 3 of Article IX will bear in mind the desirability of restricting, so far as practicable, the number of officials for whom full diplomatic privileges will be requested. It is also understood that the detailed application of Article IX will, when necessary, be the subject of inter-governmental discussion.

7. It is understood that the Government of Italy will not be requested, under paragraph 2 (a) of Article VII, to furnish detailed information about minor projects or confidential commercial or technical information, the disclosure of which would injure legitimate commercial interests.

8. It is understood that if the Government of Italy should accept the compulsory jurisdiction of the International Court of Justice under Article 36 of the statute of the Court, on suitable terms and conditions, the two Governments will consult with a view to replacing the second sentence of paragraph 1 of Article X with provisions along the following lines: "It is understood that the undertaking of each Government in respect of claims espoused by the other Government pursuant to this paragraph is made in the case of each Government under the authority of and is limited by the terms and conditions of such effective recognition as it has heretofore given to the compulsory jurisdiction of the International Court of Justice under Article 36 of the statute of the Court".

## Current Discussions With Colombian Economic Mission

[Released to the press July 1]

The Department of State announced July 1 that a Colombian economic mission is conferring with Department officials and other interested agencies of the Government regarding financial and commercial matters.

One of the items under discussion is the implementation of the 10-million-dollar Export-Import Bank loan granted Colombia for rehabilitation purposes following the recent disturbance in that country. The Colombians are discussing with the Export-Import Bank the types of materials and equipment which might be purchased under the credit.

The Colombian mission is also holding preliminary talks with officials of the International Bank for Reconstruction and Development regarding long-term loans, and is conferring with officials of the International Monetary Fund.

Members of the mission are as follows: Alfonso Araujo, former Minister of Public Works; José Gutiérrez Gómez, President of the National Association of Industrialists; Arturo Bonnet, Office of Exchange Controls; Alfredo MacCausland, Director General of the Colombian Customs Board; Alfonso Mesa Salazar; Ezequiel Castaneda, Director of the Stabilization Fund and Assistant Manager, Banco de La República; Alberto Albán Lievano, Director of National Railways; Roberto Botero Londono; and Augustín Vélez Restrepo, Economic Adviser, Banco de La República.

## Free Port of Monrovia To Be Opened

Thomas E. Lyons, Special Assistant to the Secretary of Commerce and Executive Secretary of the Foreign Trade Zones Board in the Department of Commerce, departs this week for Monrovia, Liberia, where he is to undertake a survey of the American-constructed port which is soon to be opened and which will be the first free port on the west coast of Africa.

In 1943 lend-lease funds were made available for the construction of a modern port and port works at Monrovia. Under the terms of the agreement providing for the construction of the port, the Government of Liberia agreed that upon its completion it should be operated as a free port. It is expected that this port will attract an increasingly large amount of traffic to Liberia en route to the now scarcely accessible hinterlands of the British and French colonies bordering Liberia. It is also anticipated that this port will greatly facilitate the movement of goods between Liberia and other West African ports. Mr. Lyons will assist in organizing the free port along established technical lines.

## Cultural Leaders Awarded Grants-in-Aid United States

[Released to the press June 30]

Grants-in-aid have been extended by the Department of State to a group of five educators from various institutions in the United States to enable them to serve on the summer-session faculty of the University of Habana beginning July 5 and continuing through August 14. They will give courses in the English language, United States literature and history, and civic recreation.

Those receiving grants for participation in this program are C. M. Hutchings, associate professor of romance languages at the University of Cincinnati; Thomas E. Downey, assistant professor of history, University of Notre Dame; Ralph B. Long and Malcolm Forsman, both of the department of English, University of Texas; and Nash Higgins, superintendent, board of public recreation, Tampa, Florida. Dr. Hutchings will give courses in the English language and phonetics; Dr. Downey will give courses in United States history; Dr. Long and Mr. Forsman will give courses in the English language and United States literature; and Mr. Higgins will give a course in civic recreation.

## Uruguay

Ergasto H. Cordero, director of the Museum of Natural History, Montevideo, has arrived in the United States to confer with officials of the Fish and Wildlife Service and to visit universities, laboratories, museums, and fish hatcheries in various parts of the United States.

His visit has been arranged under the travel-grant program of the Department of State administered by the Division of International Exchange of Persons in cooperation with the Fish and Wildlife Service of the Department of the Interior and the National Museum.

## Haiti

Arsene Magloire and Ulrick Telson, engineers with the Department of Public Works of Haiti, have been awarded grants by the Department of State to enable them to study highway construction in this country with the cooperation of the Public Roads Administration.

They will spend two months in the United States, returning to Haiti by way of Puerto Rico, where they will spend an additional month in study and observation. They will attend the exhibit of highway machinery to be held in Chicago from July 17 to July 26.

## THE FOREIGN SERVICE

### Consular Office

The American Consulate at Hull, England, was closed to the public on May 31, 1948. The consular district for Hull has been temporarily assigned to Newcastle-on-Tyne.



## PUBLICATIONS

## Letters of Credence

## Argentina

The newly appointed Ambassador of the Argentine Republic, Jerónimo Remorino, presented his credentials to the President on July 2. For the text of the Ambassador's remarks and for the President's reply, see Department of State press release 536 of July 2, 1948.

## THE DEPARTMENT

## William C. Johnstone, Jr., Named Head of OEX

William C. Johnstone, Jr., dean of the School of Government and professor of political science at George Washington University, has been appointed Director of the Office of Educational Exchange, effective July 1, 1948.

Dr. Johnstone succeeds Kenneth Holland, director of the Office for the past three months, who will return to Paris immediately to resume his duties as the United States adviser on UNESCO affairs.

As director of OEX, Dr. Johnstone will have charge of the Department's educational-exchange programs and policies in the fields of educational, scientific, and cultural affairs. This responsibility will include programs of international educational exchange conducted by the Department of State and other Federal agencies, the operation of American libraries and schools abroad, assistance to American-sponsored institutions abroad, and stimulating and facilitating the educational-exchange activities of private agencies.

## Department of State

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

**Participation of the United States Government in International Conferences, July 1, 1946-June 30, 1947.** International Organization and Conference Series I, 1. Pub. 3031. xx, 373 pp. 65¢.

Contains brief accounts of international conferences and meetings in which the U.S. Government participated officially during the period, including the composition of United States delegations.

**Canol Project: Arrangement for Evaluation of all Facilities.** Treaties and Other International Acts Series 1805. Pub. 3066. 3 pp. 5¢.

**Agreement Between the United States of America and Canada—Effectuated by exchange of notes signed at Ottawa Feb. 26, 1945; entered into force Feb. 26, 1945.**

**Second Report to Congress on The United States Foreign Aid Program, For the Period Ended March 31, 1948.** Economic Cooperation Series 8. Pub. 3148. 138 pp. 35¢.

Report on the accomplishment of the purposes of the Foreign Aid Act of 1947—"to alleviate conditions of hunger and cold and prevent serious economic retrogression." Includes details on the distribution, use, and sale of commodities.

**National Commission News, July 1, 1948.** Pub. 3175. 10 pp. 10¢ a copy; \$1 a year domestic, \$1.35 a year foreign.

Prepared monthly for the United Nations Educational, Scientific and Cultural Organization.

Current United Nations Documents: A Selected Bibliography<sup>1</sup>

## General Assembly

Official Records of the Second Part of the First Session of the General Assembly. Second Committee. Economic and Financial Questions. Summary Record of Meetings, 1 November-9 December 1946. xii, 189 pp. printed. \$2.00.

## Trusteeship Council

Reply of the Government of the Union of South Africa to the Trusteeship Council Questionnaire on the Report to the United Nations on the Administration of South West Africa for the Year 1946. T/175, June 3, 1948. viii, 230 pp. mimeo.

Disposition of Agenda Items [Second Session]. T/INF/6, June 11, 1948. 29 pp. mimeo.

## Security Council

Official Records:

Second Year:

Supplement No. 6. [Annex to meeting of February 18, 1947; reproductions of eleven exhibits submitted by the U.K. in connection with complaint against Albania.] 40¢.

July 11, 1948

## Third Year:

No. 63. 288th meeting, 29 April 1948. 29 pp. printed. 30¢.

No. 65. 291st meeting, 12 May 1948. 21 pp. printed. 20¢.

No. 66. 292d meeting, 15 May 1948. 27 pp. printed. 30¢.

No. 67. 293d meeting, 17 May 1948. 21 pp. printed. 20¢.

No. 69. 296th meeting, 18 May 1948. 23 pp. printed. 25¢.

Supplement for April 1948. 12 pp. printed. 10¢.

Letter Dated 26 May 1948 from the Chairman of the Atomic Energy Commission to the President of the Security Council Transmitting the Third Report of the Commission. S/812, June 2, 1948. 80 pp. mimeo.

Committee of Good Offices on the Indonesian Question. Report to the Security Council on the Federal Conference Opened in Bandung on 27 May 1948. S/842, June 16, 1948. 37 pp. mimeo.

<sup>1</sup> Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York City. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.



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# Contributors

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